World news

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# \$250m 'secured' aid for Volvo N. Ireland guarantee

The US House of Representatives voted imanimously to approve a guarantee part of the personal five-year, \$250m aid package for debts of Refoat El-Sayed, majority The US House of Representatives voted unanimously to approve a five-year, \$250m aid package for Northern Ireland in a signal of support for the Anglo-Irish accord signed last year. The accord gives Dublia a say in the affairs of the British province.

The aid now goes to the Senate for consideration, probably early next month. The main slice of the aid, designed to underpin the political aspects of the agreement, will go to schemes put forward by public authorities.

Protests by Unionists, who oppose the accord, marked the meet-ing of British and Irish ministers in Belfast, Page 10

### SA police kili two

South African police fired on a crowd outside a courtroom in the black township of Kabokweni near White River in the eastern Transva-al, killing two black youths and in-juring 81 others. Youths gathered in support of eight classmates facing trial on public-violence charges. tuch rose It

### Saudi arms request

President Ronald Reagan asked Congress to approve the sale of missiles worth \$354m to Saudi Arabia. He said they were necessary for Saudi security.

### Colombia election

Colombia's Liberal Party clearly won Sunday's elections, but six candidates from a party formed by leftist guerrillas captured seats in

### General encircled

Tank squadrons and troop convoys travelled across Ecuador to begin encircling a Pacific coast air farer base where a rebel general has re-fused a presidential order to surrender. Earlier report, Page 4

### Juice withdrawn -

Polish health authorities withdrew central city of Lodz after a farmer was poisoned by a contaminated

### Koreans protest

South Korea's opposition took to the streets in Seoul, the capital, by the thousand in a peaceful demon-

Uganda political ban President Yoweri Museveni banned all political activity in a move aimed at bringing stability to war-racked

# Harare release

Vote Moyo, a former secretary general of Zimbabwe's main opposition PF-Zapu party, was released from Chikurubi prison near Harare after being detained for nearly four

### Peasants evacuated

The Peruvian Government began evacuating thousands of peasants from the foot of Marambuco mountain in the north amid fears of an-

other avalanche. Basque kidnapping

# Basque separatist Eta guerrillas said they had kidnapped a Basque industrialist who disappeared on

Sinowatz denial Austrian Chancellor Fred Sinowatz denied that his Socialist Party was behind charges that Kurt Wald-heim, a presidential candidate and former United Nations Secretary

### General, belonged to Nazi groups.

Hitler art found Nineteen paintings believed to be by Adolf Hitler have been found in an attic in the south Belgian town

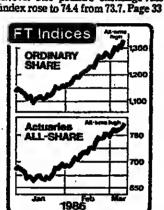
### Business summary

# US backs El-Sayed

shareholder in Fermenta, troubled Swedish biotechnology group.

DOLLAR fell in London to close at DM 2.2650 (DM 2.2800); SFr 1.9205 (SFr 1.9365), FFr 6.9675 (FFr 7.0125) and Y178.85 (Y180.65). On Bank of England figures, the dollar's ex-change-rate index fell from 118.8 to

STERLING rose in London against the dollar to close at \$1.4560. It also rose to DM 3.2975 (DM 3.2950); FFr 10.1450 (FFr 10.13) and Y261.75 (Y261.0). It was unchanged at SFr 2.7975. The pound's exchange-rate



run to record levels and gits showed gains. The FT Ordinary-share index shot 21.2 higher to 1,326.8 while the FT-SE 100-share index closed 24.9 up at a record

TOKYO: Stocks reached new peaks as the Nikkei average rose 9.70 to a record 14,066.22. Page 40

WALL STREET: At 3pm the Dow

\$343.15 from \$339.70.In New York, all orange juice from shops in the the Co.mex April settlement was \$344.90. Page 32

> AUSTRALIAN Federal Cabinet has decided not to intervene in the take-over bid of BHP by Bell Resources.

PHILIPPINES Government is to vet all contracts involving public funds in a drive against corruption.

BRITAIN is negotiating with the US to build a \$14.4m ultra-high-

powered laser facility for the Star Wars research programme to study the effects of laser-beam weapons on space targets. Page 12 SOUTH KOREA'S second converti-

ble Eurobond is expected to be an-nounced in the next few weeks by the diversified Daewoo Heavy Industries. Page 22

US AVIATION companies Boeing, Grumman and Lockheed are to be given 45 days from next Monday to produce proposals for supplying an alternative to Britain's controver-sial Nimrod early-warning aircraft.

US UNDERWRITING syndicate is planned by two leading insurance brokers in a bid to tackle the critical shortage in corporate liability

DE BEERS Consolidated Mines of South Africa reported almost doubled pre-tax profits in the sec-ond half of 1985, bringing the full year total to RL58bn (\$557m) com-

pared with R887m. Page 20 FRED OLSEN, of Norway, more than trebled pre-tax profits by its three stock-exchange-listed compa-nies last year to a total of NKr 612m

WE REGRET that North American

prices are incomplete in this edition due to computer problems.

# Second bank sues ITC and considers further claims

BY STEFAN WAGSTYL IN LONDON

the council in the international tin

The bank is also considering suing all 22 member governments of the council, the European Commu-nity and the UK Department of Trade and Industry.

Mr Peter Graham, senior deputy chairman, said the bank was acting to protect its legal position. It is owed some £10m (\$14.5m) by the ITC but has tin worth about £8m at

Standard Chartered is the second of the 14 banks - which together lent the tin council some £270m - to start court action. The other is Arab Banking Corporation, which is suing the ITC for about £15m. Other hanks are also preparing for court action, after the failure last week of attempts to negotiate a settlement of the crisis between the council and the banks and metal broking companies, to which it owes a total

ed legal action yesterday against for recovery of their debts.
the International Tin Council in a The council ran out of money

move which is widely expected to nearly five months ago, running a berald a flood of lawsuits against tin price support pact on behalf of 22 tin producing and consuming countries.

> Meanwhile, the LME bas itself become a battleground for legal ac-tion between trading companies. Mr Philip Jevons, deputy chairman of Shearson Lehman Metals, which is suing the LME over its handling of the crisis, resigned yesterday as an LME board member.

He said: "It was ridiculous. I can ITC but has tin worth about £8m at current prices, leaving a loss of LME chief executive, said Mr Jevons's position had become untenable.

> Mr Jevons, a board member for the past three years and an LME committee member for three years before that, is the latest victim of the tension that has racked the LME since the crisis arose in

Shearson Lehman Metals and its parent company, Shearson Lehman Boothers, both part of the American Express financial house, are suing the LME and its committee for im-On the London Metal Exchange, posing a fixed settlement price on the world's leading metals market, outstanding tin contracts. Sbearson three brokers have taken the counis also suing the two LME trading

STANDARD Chartered Bank start- cil to arbitration under LME rules companies with which it has tin contracts. Neither Shearsons nor the LME

> would comment yesterday on the It appears that the Shearson ac

> tion is not designed to stop the fixed price settlement - or "ring-out" which is due to be completed by nooo today, but to claim damage for the losses the company says it will suffer as a result of the LME's action.
> Traders yesterday confidently ex-

pected all the 13 ring-dealing members with ITC contracts to pay their ohligations under the ring-out. Virtually all the parent companies of the members have either injected funds into their subsidiaries or made public promises of financial

However, there are doubts about wbether one or two non ringdealing companies can pay up. In all, 24 companies held contracts with the ITC, on which they face losses of £180m at the ring-out price of £6,250 a tonne.

Meanwhile, the Tin Council yes terday abandoned its attempts to revive the rescue plan for the market after a formal rejection of its advances from Thailand.

Shock waves from crisis, Page 16; Commodities, Page 32

# EEC warning on need for new budget cuts

BY QUENTIN PEEL IN BRUSSELS

year, unless new savings can be

after a report to Community fi-

Mr Christophersen speit out estibate for the UK - totalling Ecu of the order of Ecu 200m. 2.9bn (\$2.7bn), compared with an

A SURGE in spending on EEC farm absolute limit on available re- all those items will be submitted by A SURGE in spending on FEC farm absolute limit on available resport subsidies, the urgent need to sell off surplus food stocks and to higher at 1,723.78. Page 40

GOLD rose \$1.25 an ounce in the London bullion market to finish at \$343.25. It also rose in Zurich to \$343.25 from \$339.70.In New York

A SURGE in spending on FEC farm absolute limit on available responding on FEC farm absolute limit on authority and the Commission to the member states in May or June . By then, the colar responding or FEC farm at more responding on FEC farm at more responding on FEC farm at more responding or FEC

The likely minimum cost of paying off the backlag on the social and budget contributions of member That was the grim picture of the regional funds would be Ecu 750m states are likely to be exceeded in looming EEC budget crisis set out to Ecu 800m, and the extra British the first year after they were inyesterday by Mr Henning Christo-phersen, the Budget Commissioner, get contributions in 1984 and re-be to find cuts in the existing budceived less EEC spending than ex- get, the Commissioner said.

pected in 1985 - some Ecu 400m, Mr Christopherseo said. In turn, extra Portugal joined the Community, the mates for extra spending this year - spending would mean increased including an increased budget re- repayments to Spain and Portugal up to a so-called value-added-tax A supplementary budget to cover

Continued on Page 18

# Ferruzzi sets up \$455m share and bond sale

By Alan Friedman in Milan

FERRUZZI. Italy's third-largest pri vate-sector group with annual sales of \$6.5bn, has announced plans to raise L702.8bn (\$455m) by share and bond issues for its quoted Agricola (Agriculture) and Silos (trans-

port and services) subsidiaries. News of the planned issues concides with Ferruzzi's bid to acquire British Sugar, the subsidiary of Britain's S. and W. Berisford group. Ferruzzi already controls, through its Agricola holding subsidiary, Enrope's largest sugar conglomerate. That includes the Eridania subsidiary in Italy and Beghin-Say in

The \$455m is to be raised through a four-stage operation. Agricola is expected to launch a L196.8bn bond issue convertible into equity, with a maturity of five years and eight months and interest at 7 per cent.

Silos, meanwhile, is planning six-year bond issue convertible into shares, also at 7 per cent and to total L226.8bn, Silos, meanwhile, will increase Its authorised share capital and raise L142.9bn by means of the issue of 113.4m savings shares at L1,260 each. In addition, Silos will issue 75.6m ordinary shares at L1,800 each, to raise L136.1bn.

The fund-raising in Italy repre sents the largest offer of shares and bonds since last year's L600bn rights issue from Agricola, half of which was subscribed by the Fer-

Silos owns 12 bulk carrier ships, 170 barges, six tugboats and has 30 silos and 300 special railway cars. The service subsidiary, which employs 2,000 of Ferruzzi's workforce of 10,000, controls 60 per cent of Italy's grain storage capacity - 1m

It was also learned yesterday that Ferrozzi last week liquidated its coment holdings in Brazil and realised proceeds of \$100m.
As an agricultural group, Ferruzzi owns 2.5m acres of land im Eu-

nominal 2 per cent share stake.

Ferruzzi's previously agreed plan with Berisford to take over the whole of Berisford and then sell the company minus British Sugar back to Mr Ephraim Margulies, Berisford chairman, in a management buy-out, has been stalled since it emerged that Hillsdown of the UK bas taken a 9 per cent stake in Berisford and that Tate and Lyle, Britain's leading sugar refiner, controls about 3 per cent.

# Manila opens IMF talks on debt burden

BY ALAIN CASS AND SAMUEL SENOREN IN MANILA

ternational Monetary Fund teams fence and the Treasury.
due to visit Manila this month start
US diplomats said the team was

ing interest in the development of last year but that was rejected by the Philippines deht problem is until US. totals around \$18bn.

Ferdinand Marcos.

An IMF team was due to have armined in the Philippines shortly be-

EFFORTS to revive the struggling beaded by US Aid administrator Mr Politippines economy got under way Peter McPhersoo, includes officials yesterday when the first of two Infrom the Departments of State, De-

ed talks with senior economic offi- assessing the new Government's cials in President Corazon Aquino's economic and military needs and would make recommendations to With the country's external debt President Reagan on their return-standing at \$26hn the focus of the The US is considering advancing talks is expected to be the terms on payments due in the next fiscal which a new standby facility might year. Mr Marcos had requested the be granted when the current one advance to prop up his ailing adexpires in June. Commercial bank- ministration as early as September

derlined by the presence in Manila with the IMF of Mr David Pflug, a senior vice president of Manofacturers Hanover Bank and chairman ask the IMF for a new facility of beof the advisory committee of the tween \$500m and \$600m - which is country's 483 creditor banks. The less than the existing package. The Philippines' commercial bank debt Government is keen to minimise its

A second IMF team is due in Ma- The second and larger IMF team nila next week as part of a reassess- arriving next week is to review ecoment by the Fund of the political nomic performance targets set in and economic situation in the the programme that accompanied Philippines after the downfall of Mr the existing \$650m facility.

of ber Government are also due to fore the fall of Mr Marcos to decide meet a team of senior US officials whether the remaining two on a fact-finding mission for President Ronald Reagan. The team, Continued on Page 18 Crackdown on bribery, Page 5

# Kohl faces second Flick investigation

BY PETER BRUCE IN BONN

1984 by claiming not to know about The Chancellor's aides and the two political donations totalling DM CDU leadership are treating the

by charges that he has given false testimony in evidence relating to political donations made to his party, the Christian Democrats (CDU). (SPD).

Last month prosecutors in Konot to know anything about a charitable advantage over his SPD ritable foundation that illegally channelled funds into the CDU.

sailable advantage over his SPD ritable foundation that illegally channel for the next federal elections, Mr Johannes Rau.

THE TENTACLES of West Ger- Both accusations were initially many's biggest post-war bribery made by Mr Otto Schily, a lawyer scandal, the so-called Flick affair, and a leading member of the raditightened further around Chancel-cal Greens party. Mr Kohl, who has lor Helmut Kohl yesterday. Prose- been affecting calm and confidence cutors in Bonn announced they since the Koblenz investigation plan to begin a formal investigation opened, said yesterday the decision into charges that be lied to a parliaby the Bonn prosecutors had not mentary committee in November come as a surprise.

55,000 (\$24,000) given to his office charges as a political attack ahead by the Flick industrial group.

Chancellor Kohl is now the subject of two investigations prompted lar accusations, though as yet no lor Willy Brandt's links with the Flick group. Mr Brandt is chairman of the opposition Social Democrats

Nevertheless, the opening of inblenz opened an inquiry into allega-tions that he misled an inquiry in blenz and now Bonn is thought likethe parliament of the Rhineland Pa- ly to hurt the Chancellor, who enlatinate state last year by claiming tered 1986 with an apparently unas-

# Money-supply data lifts UK budget hopes

BY PHILIP STEPHENS, IN LONDON

THE GROWTH rate of the broad renewed surge in share prices and

sterling M3 grew hy I per cent in February after the increase of only 0.1 per cent in January. Last month's rise, however, met expecta-tions, and the general view last

lic borrowing than expected, and increases in Britain's official

around the time of the budget, and are not ruling out a small reduction, the recent round of international in- perhaps of between 1/2 and 1 was being distorted upwards by terest rates reductions has rein- percentage point. forced the feeling that 1986 should be no exception.

after the collapse of its North Sea The official line is still one of cau-

reserves.

the Opec meeting does not create

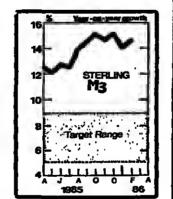
Each of the last five years has undue turbulence on the financial seen a reduction in borrowing costs markets, however, the authorities to 9 per cent target range for ster-

competitor countries.

The details of yesterday's figures

Bank lending to the private sector, regarded in the City as an imgard as the underlying trend.

rapid changes in financial markets. Lex. Page 18; Money markets,



far above that in most of its chief

show that the growth rate of sterling M3 in the year to February was about 14.75 per cent, up from an annual 14 per cent the previous

portant guide to monetary conditions, totalled £1.5bn (\$1.03bn) up sharply from January but in accord-If the budget is well received and ance with what the authorities re-Mr Lawson dropped the official 5

Page 36; Stock markets, Page 40

### measure of Britain's money supply further gains for gilt-edged securi-accelerated last month after the ties on the London stock market. sharp slowdown in January, but the Sterling meanwhile rose against a City of London is still expecting a weaker dollar and against Eurosmall cut in interest rates after next pean currencies. Tuesday's budget. From the Government's point of The Bank of England said that view, lower interest rates could be presented as some compensation for the reduced scope for tax cuts

night was that it should not represent an obstacle to a reduction in interest rates.

In a collician line is sum one to budget the budget will coincide with a meeting of the Organisation of Petroleum Exportinterest rates.

The confidence of financial markets ahead of the budget has been bolstered by a series of recent offithat sterling looks relatively cobust cial figures showing a sharp slow-down in industry's costs, lower pub-rates.

Since base rates are now at 12%

per cent, that would still leave Brit-That was reflected yesterday in a ain with a level of borrowing costs

France: Cresson swims Tin: shock waves flow from 

Egypt: US releases big aid UK: takeover tactics strain 

in US; UK price fixing ... 16 search subsidiaries ...... 23

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(\$85m). Page 19

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE Swedish Governmen vesterday unveiled a SKr 2.5br (£240m) package of improved family welfare benefits to be financed through increased taxes on energy and securities trad-

At the same time it is proposing sweeping reforms of the income tax system aimed et simplifying declarations and lowering both marginal tax rates and rates for low wage earners.

The Social Democratic Government is bopeful that the reforms announced for the years 1987 and 1988 could pave the way for more moderate wage settlements and make it possible to achieve improvements in real disposable incomes with only a low rise in nominal wage rates.

One of the problems that bas dogged the Swedish economy is that labour costs and inflation bave risen at a mncb faster rate than in competing countries. thus eroding Sweden's competi-

The Social Democrats are in e minority in the Riksdeg (Parliament) but the Government appears to be counting on support from either the Com-munists or the Centre Party to push the package through

will be reduced on everage to per cent in 1988 from e current level of 80 per cent. The reforms will also satisfy one of earners should be subject to a maximum marginal income tax rate of 50 per cent.
Mr Kjell-Olof-Feldt, the

Finance Minister, said the income tax reductions implied e 1.5 per cent improvement in dis-posable incomes in both 1987 and 1988, if it was possible to bring inflation down to only 2.5 per cent and to hold nominal wage increases at 4 per cent a

Such assumptions eppear very optimistic, however, given Sweden's recent problems in holding inflation and labour costs in check. With inflation of 5.5 per cent and a 7 per cent jump in labour costs, the impact on real incomes would be more



Mr Kjell-Olof Feldt . . . rise in disposable incomes.

two years 1987 and 1988 and are to be financed chiefly by tightening the state's squeeze on the local anthorities flourish-

ing finances.
While the central Govern ment has operated in recent years with a beavy deficit and Under the income tax reforms mounting debts, the municipali-the highest rate of marginal tax ties have enjoyed a substantial surplus which is estimated to reach SKr 9bn-SKr11bn next virtually disappear as a result the Social Democrats' main of the measures announced per 1988, 90 per cent of wage carners chould be exhibited that cuts in transfers to local govern-ment announced in the budget in January.

As one-off measures, the income tax reforms will more than compensate for inflation, but Mr Feldt has firmly rejected pleas from the centre-right opposition parties for indexation of income tax scales to provide automatic protection against inflation.

As part of the improvements in family welfare benefits the Government is proposing in cluding the Pavillon Elysée an creases in child allowances and Carré des Feuillants in Paris. student support worth a total of SKr 2.5bn to take effect from January 1. They are to be financed by higher taxes on oil, coal and natural gas, as well as then halved.

The tax reforms are worth around SKr 6.25bn over the constrainment.

And a tightening of the rules professionals that respect these restaurants.

Michelin, traditionally, had no

# Maxwell group wins TV channel

By Paul Betts in Paris

THE FRENCH Government yesterday granted the remainyesterday granten the remain-ing two channels of the TDF-1 direct broadcasting television satellite to a newly formed European consortium. This includes Mr Robert Maxwell, the UK publisher, Mr Silvio Registroopl the Mr Silvlo Berinsconl, the Italian television magnate, Mr Jerome Seydonz, chair-man of the French Chargeurs transport concern and partner of Mr Berlusconi, and the West German Kirsch film pro-duction and distribution

The two other channels on the satellite, due to be launched later this year, have been awarded respectively to the new French commercial Fifth Channel controlled by Mr Seydoux and Mr Berlusconi and to a new state cultural network known as the Seyenth Channel.

We Warred! And originally

Mr Maxwell had eriginally intended operating a channel of his own on the French satellite. But be decided to team np with the others in a European group, registered in Luxembourg but operating out of France called "Consortium Européen pour la Télévision Commerciale."

It intends to broadcast pro-grammes on two different channels in four languages. Cable TV deal, Page 18

# Treasury eases election pressure on franc

THE FRENCH Treasury has kept generally steady against been indirectly encouraging large international corporations to stock up French franc holdings on the Euromarket as a way of keeping the currency steady ahead of this Suoday's general election.

Kept generally steady against mally be expected to delay purchasing francs to eover purchases from France, in the hope of profiting from an eventual fall in the currency. But foreign companies are now making usa to the possibility of borrowing the currency has been defended by the pos general election.

The result of the action, according to bankers in Paris and London, has been to reverse part of the "leads and lags" pressure which traditionally builds up on the frace before elections, when financial market operators habitually sell forward the French currency.

A general realignment within the European Mocetary System, involving a devaluation of the franc against the D-mark, is Credit lostitutions which generally expected soon after all participaots in the poll which is likely to lead ing system in France. to the return of a right-wing

ously severely limited the leod-iog of francs by domestic banks to non-residents. These loans are now permitted as long as the francs flowing out of France are needed by a foreign importer to cover a commercial purchase of goods from French company.

The ruling was made clear to French banks by M Daniel Lebegue, director of the French Treasury, in a letter on January 28 to the Association of French Credit Iostitutions which groups all participants in the bank-

fall in the currency. But foreign companies are now making use of the possibility of borrowing francs by building up prematurely stocks of the French currency on the Euromarket, benfiting from relatively high interest rates on deposits kept outside France in finencial centres such as London, Brussels or Amsterdam.

or Amsterdam.
The one-month Euro French frane rate in London yesterday was about 16 to 161 per cent, compared with an equivalent rate of 81 per cent in Paris. The Eurocurrency rates for French francs in the one and three-month positions have risen in ing system in France.

Foreign importers during a pre-electoral period would nor-

this covering has been defen-sive. Many banks and large international investors remem-ber being painfully squeezed by Bank of France action before the last devaluation in March 1983, when the central bank drove up short-term Euro French franc rates to astronomical levels and thus made speculation bighly unprofitable.

This time, dealers say, operators are trying to borrow French francs at relatively reasonable interest ates to cove their posi-tions ahead of the expeted de-

# French close ranks over Lebanon hostages

BY DAVID HOUSEGO IN PARIS

FRENCH OPPOSITION leaders research worker executed by Among and a section of the Press made Islamic Jihad extremist group. Raymond common cause with the Governto neutralise the impact of the a black square. hostage drama on Sunday's general election.

pro-Socialist, Le Matin and the popular Le Parisien, declined publish the macabre pictures from Beirut of the body of Mr French hostages taken almost Michel Seurat, the French a year ago.

Instead, they left a blank space ment yesterday in attempting on their front page or printed

ostage drama on Sunday's

At the same time, one of the
main TV channels announced
main TV channels announced
on the lunch-time news that it would not broadcast statements released by Islamic Jihad which is holding the three other

yield to blackmail. Mr Jacque Chirac, who is likely to become Prime Minister after the election, said that on issues of ter-rorism "anything that leads to polemie is bad."

Editourialists in the French

Raymond Barre said that he less, have been scathing about approved the position taken by the government's blunder in Mr Laurent Fabius, the Prime Minister, that France would not back to their country. back to their country.

# Among opposition leaders, Mr opposition leaders, none the

This action is helieved to have precipitated the execution of Mr Seurat and the seizing of a four-man television crew in Beirut over the weekend.

Islamic Jihad have denied press and the second rank of kidnapping the television team.

# Michelin names a new 3-star French restaurant

THE PRESTIGIOUS Michelin Guidebook granted "an impossible dream" on Monday to the Lorain family, awarding their restaurant at Joingy, south of Paris, its famed three star rating - "exceptional cri-sine, worth n special journey," AP

reports from Paris.
The famous red botel and restaurant guide, still the ultimate "bible" of gastronomes, maintained all its other three-star establishments, four in Paris and 15 in the

It promoted 10 restaurants to two-star billing for the first time, including the Pavillon Elysee and the But it demoted 14 restaurants to one-star rating, including the well-

known Camelia at Bougival, west of Paris and Laurent and Ledoyen off the Champs-Elysées - demotions a doubling to 2 per cent of the turnover tax on share trading that raised eyebrows among some

impossible dream," said new three-star chef, Mr Michel Lorain, 52, owner of the Cote St Jacques in the Yonne region 90 miles south of

We've had two Michelin stars for 10 years," he said at Le Marcande restaurant in Paris, where he and his son come separately once a week to supervise the cuisine. His is a family operation, with

Jacqueline, his wife, the expert wine steward, Jean-Michel his son, as co-chef and Jean-Michel's wife as hostess and keeper of the cash

Some of the current favourite dishes prepared by the Lorains - fa-ther and son - include a gazpacho of "langoustines" or Norway lobster (scampi) with a zucchini puree, and duck wings with lentils and little

"Our new status seemed like an precious third star. In the past two produce." years, a swimming pool and gardeo was upgraded with comfortable

green-grey modern furnishings.

Decor is important, and the Côte St Jacques is already listed in the highest quality in France. Relais et Charteaux guidebook, whose members are chosen for excellence by their peers.

It rated the ultimate status of four chefs' "toques" (hats) in 1985 main dishes priced et about 150 and this year in the Gault-Millau francs (\$22). guide. Mr Lorein was also made a "Chef of the year" this year. The Cote St Jacques has evolved

gradually since Michel's mother bought an 18th-century house in 1952, cooverting it to a simple family pension, or boarding-house. In 1959 Michel took over the cooking and started upgrading the

restaurant and hotel. thite origins.

"I learned cooking mainly on my have reportedly done, he replied: edition awards stars to Besides the gournet food recent own," said Mr Lorain. "My son and "We have no problem. I can see that original restaurants.

comments about their reasons for improvements in the Joigny hotel· I simply aim for excellence based some famous restaurants in Paris

His son worked with Mr Fredy were added and restaurant decor Girardet, who owns a celebrated restaurant near Lausanne, considin Switzerland and equal to the

Food in three-star restaurants is expensive, although Mr Lorain's restaurant is not exorbitant for the ultimate in a French meal, with "We have a good foreign clientele.

specially Americans, during the week," said Mr Lorain, "Many are on their way to Burgundy, with Chablis only 20 miles away. Our weekend clientele is largely

Asked if he had refused reservation requests from American customers as some top restaurants

awarding or withdrawing the stars. restaurant helped in winning the oo our own tastes and fresh market. may be distraught when they see their dining rooms filled with

The French feel outnumbered and even Americans would usuall ered by gastronomes to be the best rather feel that they are eating in a real French restaurant with French customers.

Now that he has reached the top of the Michelin galaxy, Mr Lorain aims to keep up his excellent standards. "We experiment all the time," he said. "Nobody can invent anything in cuisine any more. It's all beeo done. But we can discove new combinations and tastes."

The Michelin guide added 51 nev one-star restaurants in its 77th edition, of 1,300 pages. The book was started as an adjunct to the tyre manufacturing business, but soon developed its independent fame.

One star was first awarded to 4 restaurants in 1926, and the 1986 edition awards stars to four of those

Finance inspectors who have

Last yeer, CMP lost the equivelent of \$224m. Such crippling losses bave been attributed to weak capital ratio, excess capacity, obsolete equipment weak structures and

ment, weak structures, end delays in building the units

whose production costs trebled because of a three-year delay.

After running up domestic and foreign debts of \$890m by the end of 1984, CMP is now understood tn owe. \$750m abroed and \$500m at bome. A government decision is expected.

government decision is expected soon; CMP employs 2,000 people,

is a factor that must be taken seriously into consideration.

The decision on the petro-chemical complex will be only the beginning of n ruthless examination of the potential of

other public sector enterprises.

tiliser/metallurgy conglomerate, which inspectors believe in-vested unwisely in unprofitable units like pelletising and fibre glass, bas also run up serious

losses and debis.

In the ease of Quimigal, the solution appears to point lowards restructuring of enumber of sectors and possible elosure of some of the most unprofitable areas, but not the end of the enterprise.

Quimigal, the chemicals/fer-

# W. German **GNP** rose 2.4% last year

By Rupert Comwell in Bonn

WEST GERMANY'S Gross National Product grew by 2.4 per cent last year, but the much-heralded upsurge in consumer spending failed to materialise, according to data from the Economics Ministry yesterday.

Last year's GNP growth compares with expansion of 2.7 per cent in 1984, and is well below expectations for 1986, for which many analysts as well as the Bundesbank are anticipating growth of np to 4 per cent.

Most significant, bowever, are the detailed findings for the final quarter of last year. Although capital investment between October and December surged by a real 7.5 per cent compared with the previous quarter, private consumption actually fell by 0.5 per cent.

Hopes for an acceleration in growth this year ere largely prowth this year ere largely piuned on higher private spend-ing, spurred by a strong D-mark which reduces the price of imports, tax cuts of around DM 11bn (£2.8bn) and above all the recent collapse of oil prices. The three factors together, it is recknied, may add some DM 70bn to real

demand in 1986. The ministry also reported that the expected slowdown in export demand, because of the rise in the D-mark's value, is

starting to be felt. Exports in the final quarter were only 2.1 per cent above the level of a year earlier. The year-on growth in the first three quarters of 1985 ranged between 7.5 per cent and 10 per cent, the ministry sald.

### Danish reshuffle runs into problems

A cabinet reshuffle planned by Danish Prime Minister Poul Schlueter hit snags yesterday after the Christian People's. Party, smallest group in his minority coalition, threatened to leave, Reuter reports from. Copenhagen. The party, which builds me ministerial portfolio. said it would alter the balance between the four parties in the

# ■ Compagnie Bancaire

Consolidated net income per share in 1985: FF 67 Increase in the share capital by the issue of one new share for eight existing shares

CONSOLIDATED RESULTS IN 1985*	rr million	% %
Compagnie Bancaire Group		
<ul> <li>New business</li> </ul>	39,384	+ 9
<ul> <li>Outstanding loans and leases</li> </ul>	101,721	+ 8
<ul> <li>Net operating income</li> </ul>	1.058	+20
Net income	1.184	+27
<ul> <li>Shareholders' equity, after distribution</li> </ul>	8,062	+15
Proportion attributed to Compagnie Bancaire		
<ul> <li>Net operating income</li> </ul>	587	+23
i.e. per share FF 56		
Net income	696	+36
i.e. per share FF 67		
<ul> <li>Shareholders' equity</li> </ul>	4,355	+12
* upon approval by the Annual General Meeting of March 2	5th, 1986.	

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# UK, Italy set to sign three pacts

By Robert Mauthner, Diplomatic Correspon

BRITAIN and ftaly are due to sign three agreements covering bilateral extradition arrangements, air services and scientific co-operation at a one-day summit meeting in Florence today between Mrs Margaret Thatcher, Britain's

Margaret Thatcher, Britain's Prime Minister, and Mr Bettino Craxi, ber Italian opposite number.

The existing extradition treaty between the two countries, which dates from 1873, will be extended to include crimes such as lerrorism and drug offences which were not specifically which were not specifizeally meotioned in the old agree-

The revision of the Anglo-Italian extradition treaty is part of a general process undertaken by the British Government to review its extradition agreements will other countries, many of which do not provide for "modern" crimes which were less widespread at the time of their signatore.

The updated memorandom of understanding on air services will notherise new services between British and Italian cities and add Gatwick lo the airports linking the two countries. The agreement is also expected to permit a new air link between Italy

and Hong Kong.
In the field of scientifie co-operation. Italy is expected to join the internationat "spallation neutron source" research project at Ruther-ford Appleton Laboratory near Oxford, which was opened by Mrs Thatcher last

autumn. West Germany, France and India are already partners in the project, which condocts research into the breaking np of materials under neutron bombardment.

bombardment.
The two Prime Ministers, who will be eecompanied by Foreign Defence and Interior Ministers at their periodic consultations, will have wide-ranging talks covering East-West relations, particularly arms control problems, and Engineers Community. and European Community issues.

Defence co-operation, in-

cloding aircraft and beli-copter prodoction, will also be discussed by the relevant Ministers. Ministers.
Mr Craxl, according to
Italian officials, is expected to
ask Britain to support Italy's
demand to join the "Group
of Five" leading Western
industrialised nations, which
periodically discusses key
international economic and

# Lisbon gets to grips with public sector

BY DIANA SMITH IN LISBON

PORTUGAL'S minority Social Democrat Government is expected to take drastic steps soon to reduce the deadweight created by public sector companies whose debts have piled up since 1977.

With en accumulated public debt of \$17.64bn, of which 41 per cent is foreign debt representing some 74 per cent of gross domestic product, the four-month old government headed by the stern economist Prof Anibal Cavaco Silva has vowed to teckle unviable debt-ridden public enterprises or departments. It intends to release resources gradually for a private sector whose needs bave been crowded out by the stata's voracious appetite for credit to finance its huge debts. As a sovereign borrower, the

Republic of Portugal guarantees most loans taken by public sector enterprises. Should any enterprise be shut down, the Republic will instantly take over responsibility for its internal or foreign debt foreign debt. There are strong signs that the administration is about to cut some of its worst losses and that the first target could be Companhia Nacionel Petroquimics (CMP). This nine-year-old networkers are strong to the companion of the

old petrochemical corporation, for which a steem cracker and 12 down-stream units were planned back in the 1960s when crude oil was cheap, became a white elephant when the sleam cracker belatedly came stream in 1982.

# Tough price talks ahead in Soviet-Romania oil pact

BY LESLIE COLITT, RECENTLY IN BUCHAREST

A SOVIET-ROMANIAN agreement last December under which Moscow said it would sharply increase deliveries of oil to Romania will involve "tough negotiations" over prices according to Romanian officials.

The Soviet Union agreed to be identified, said that in the past Moscow had refused to sell Romania oil for "political reasons."

Now the Soviet Union said it would sell Romania as much oil as it needed, provided it could deliver enough of the

officials.

The Soviet Union agreed to step up its oli supplies to Romania by 250 per cent over the next five years or 5m tonnes aunually. It was part of an accord calling for an increase of some 70 per cent in their bilateral trade from 1986 to

Now the Soviet Union said It would sell Romania as much oll as it needed, provided it could deliver enough of the goods Moscow wanted.

This would be the main barrier, he explained, to expanding trade with the Soviet Union beyond last year's 20 per cent of total Romanian trade. Mr Mihai Croituru, a deputy

A senior Romanian official director at the Ministry of said the trade agreement with Moscow amounted to a letter of intent. Concrete trade agreements took place annually when the two sides compared lists of commodities to ba exchanged, and their prices.

The official, who did not wish

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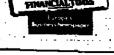
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# **EUROPEAN NEWS**

# Biedenkopf returns to CDU front rank

BY RUPERT CORNWELL IN BONN

others, not least among them Chancellor Helmut Kohl, may feel rather differently. But on one thing there is no argument: the "professor" is back, and prospects, paid a heavy price by

the "professor" is back, and in some style.

In Dusseldorf last weekend Mr Kurt Biedenkopf was triumphantly elected, by a 91 per cent majority, to be the first chairman of a unified Christian Democrat (CDU) party in North Rhine-Westphalia, the most populous, most industrialised and, in electoral terms most important, state in West Germany.

His success not only places the combative 56-year-old Mr

eried slowler at D-mark's the e felt.

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the combative 56-year-old Mr Biedenkopf in the front rank of the ruling CDU, in theory at least the controller of no less than a third of the delegates to annual party conferences, it also seals one of the country's more notable policial come-

more notable policial come-backs of recent times.

Just two years ago, Mr
Biedenkopf seemed a man with
a bright future behind him. A
swift ascent through the party
hierarchy had elevated him
between 1973 and 1977 to
general accretary of the CDU,
and to most people's short-list
of possible chancellors.

But his didactic bent—gained

But his didactic bent—gained from stints at Frankfurt and then Bochum Universities coupled with his inability to ardnous, sometimes angry, nego-hide a considerable and un-disputed intelligence beneath a mon consent dld not put a foot bushel of modesty, was not to wrong, everyone's taste, It was least of . Mr Biedenkopf aims to be

all to that of Mr Kohl, who in 1976 had become leader of the federal election of 1987, although he will remain chairman of the CDU lo North Rhine Bundestag to the then Social man of the CDU lo North Rhine Westphalia until 1988. First though, he has to help the Chancellor win next year—sometin 1930 within three months of each other, in Ludwigshafen on the Rhine. Temperamentally, though, they are as different as chalk and cheese and were bound to clash. In early 1979, the Biedenkopf made the error of circulating a memorandum demanding Mr Kohl's replacement, and then of supporting nent of Mr Frauz Josef Strauss, leader of the Bavarian CSU, to fight the federal elec-

SOME MAY be delighted, tion of 1980 against Mr Schmidt little at heart beyond his own prospects, paid a heavy price by largely forfeiting the trust of

his own party. The summer before he had suffered the indignity of winning re-election as head of the CDU in Westphalia—enemy rather than ally of the party's parallel organisation covering the North Rhine half of North Rhine half of North Rhine-Westphalia—by a meagre 60 per cent of the vote. His future darkened still further, if possible, when Mr Kohl became Chancellor in 1964

Chancellor in 1982.

Provocative Biedenkopf ideas could still enliven a somewhat humdrum CDU policy landscape, it is true, But in 1984 Mr Kohl attempted to rid himself of Mr Biedenkopf for good by propos-ing bim for the job of president of the EEC Commission in Brussels. The effort failed—to

Brussels. The effort failed—to the present gain of his rival. His chance came, ironically, with the CDU's electoral disaster in North Rhine-Westpahlia last May, when its record low score of 36.5 per cent was largely blamed on the party's dismal organisation, split as It was between two competing power centres. A merger could be delayed no longer and in the arthous sometimes angry need.

Spain to vote today on Nato membership By David White in Madrid

AFTER A debate that has divided familles and created tensions in political parties, Spain today bolds its longpromised referendum on Nato, which could lead to withdrawal

from the alliance.

If it did, Spain, which was the last country to join in 1982, would become the first to abandon the organisation since its foundation in 1949.

Despite the beat of the campaign, which ended on Monday night to leave room for the traditional "day of reflection," abstention among the 28.8m eligible votes is expected to be high. The main right-wiog Popular Alliance party, which advocates full Nato membership, is maintaining its boycott of what it regards as an

unnecessary ballot.
The last opinion polls mostty showed an anti-Nato majority among committed voters but left a substantial undecided About 18,000 meetings have been beld throughout the

been beld throughout the country during the campaign, including 7,700 by the ruling Socialists, who have moved from their previous opposition to support for maintaining Spain's status quo in Nato.

Mr Felipe Gonzalez, the Prime Minister, made a triple bid to swing the vote in the closing hours of the campaign on Monday night, appearing at a Socialist rally, on television and Socialist rally, on television and in a radio interview. His final TV broadcast, in which he warned about the "uncertainty" Mrs. Cresson has had to exert which an anti-Nato vote would create, went to extremes to procreate, went to extremes to pro-mote Mr Gonzalez's image as a statesman, presenting him next to a Spanish flag carefully adjusted to show the crown, and showing film clips of conver-sations with European leaders,

### Pressure groups wage battle of manifestoes By Our Madrid Correspondent

IN THIS corner, Librarians for Peace and Disarmament. In the other corner, Port Managers for

Nato.

A to-and-fro battle of manifestoes for either "yes" or "no" to staying in Nato occupied the advertising pages of Spanish newspapers up to yesterday, when campaigning was suspended. As middle-of-the-road political parties stood back from committing themselves on the referendum, pressure groups of all kinds took over. Librarians, archivists and

ciation Leaders for Yes," and
"Company Directors for Yes"
(most of the signatories, bowever, coming from the state
sector, a lot of them Socialist
political appointees!.

Anti-Nato politicians, including dissident Socialists, started
the contest last autumn.
Anti-Nato intellectuals brought

retorts from pro-Nato intellectuals. Including Mr Severo Ochoa, Spanish-American Nobel prizewinner in medicine. Outsiders also joined in. A "declaration of US citizens on declaration of US citizens on the control of the control of the citizens of the control of

"declaration of US citizens on the referendum," signed by Rev Jesse Jackson, Mr Daniel Ellsberg (of Pentagon Papers fame), and others including several veterans of the Abraham Lincoin Brigade, was fairly non-committal, backing a nuclear ban and cuts in US forces, and urging the Government to respect the result.

Meanwbile, from West Germany came a call for a "no" vote in an advertisement beaded "the referendum affects us, too," signed by numerous professors, a handful of doctors, a prison governess and a retired pastor. pastor.



Paul Betts reports from Chatellerault on the Socialist minister's energetic campaign

# Cresson tries to swim against the tide

THERE ARE large colps in the stone facade of Chatellerault's town hall and rising damp is have also begun to show on Mrs Edith Cresson, mayor of this small provincial town in central Fronce and the rapular Socialist Minister of Trade and Industry.

The last days of the French general election campaign bave been hard even for such an energelic woman. To make matters worse, she caught influenza after a hectic visit to New York where she had a final fliog selling Freech exports to America.

But a high temperature bas not stopped her criss-crossing the melaneboly countryside of Poitou-Charantes into which she was parachuted by the Socialists 10 years ago to try to whip up support for her party's cause. It has been an uphill struggle. At local campaign meetings she has had to argue, like other Socialist candidates, that the election has not necessible the election has not necessible. sarily been lost yet to the Right.

Right.

Among many Socialist voters.
however, there is a distinct feeling that the end of the longest period of Socialist government in France is near. There is a similar sentiment evident among government officials. Aides of Mrs Cresson, like those of other Socialist ministers, have appeared uncustly absent minded in recent usually absent minded in recent days, preoccupled with looking for other jobs and preparing the Right," said Mr Alain lywood chewing gum factory

her considerable personal charm to motivate voters. On Saturday evening, for example, at Le Blanc, another provincial market town like Chatellerault, an hour to transform the timid losing power five years ago, bas applause at the beginning into also sensed that victory is finthe sort of din which makes ally within reach. In Poitou-



campaign

"Since coming to the area, she has worked bard to establish strong local ties in a department which used to vote mainly for

style, the opposition has been pressing where it burts the Socialists most—on the issue of unemployment.

As elsewhere in the country, As elsewhere in the country, unemployment has been the dominant issue of the campaign in this largely rural region. Although it has suffered far less than the old inspection of the parth. dustrial regions of the north, unemployment has grown hy about 30 per cent around Châtellerault since 1981.

For this reason, Mrs Cresson would not bave missed a visit last Tuesday to the nearby Hol-

At local campaign meetings she has had to argue, like other Socialist candidates, that the election has not necessarily been lost yet to the Right. She has had to exert all her talents as an orator and her considerable personal charm to motivate supporters. But among many Socialist voters there is a distinct feeling that the end is near for the longest period of Socialist government in France. There is a similar sentiment evident among government officials who are preparing to make way for the next regime.

Claeys, the Socialisis' local campalgn maoager and assistant to the mayor of nearby Poitiers. But he acknowledged that there was not the same eothusiasm as there had been in 1981 before President Francols Mitterrand's

victory over the Right. market town like Chatellerault. The opposition, which has she had to speak for more than campaigned relentlessly since

Owned by General Foods of the US, the plant is a rare example of a job-creating industrial investment, and represents an unquestionable boost for the minister's local campaign. It also reflects more broadly

ber attempts during the past two years to attract foreign investment to France and act as a super saleswoman of sorts for goods and services

Mrs Cresson today is one of

Charentes, led Mr René Monory, the former Economy Minister ministers who are generally known locally as "le shériff" credited with having done "a because of his tough leadership good joh" even by many even by many critics of the Left.

She has featured prominently in ber party's latest poster campalgn showing mem-bers of the government and Government's social and economic achievements hacked by the recent string of encouraging reconomic figures for trade, investment and inflation.

Locally, the opposition, which has sought to make the most of the Socialists' failure to halt unemployment, has tried to counter Mrs Cresson's strong local standing (she was the only Socialist to capture a town of more than 30,000 people from the Right in 1983 when sbe became mayor of Châtel-lerault) by proposing a high-technology initiative for the region.

Mr Monory's project is called "Fnturoscope" and has been at the centre of the Right's local campaign. The scheme envisages the construction in version of Walt Disney's Epcot centre in Florida. Like that, it would feature a science park has been seen as a dress reshowing off the technologies of the future.

The opposition is boping to win three of the Poitou-Charantes region's four seats in the National Assembly. The Socialists would like to win two and have argued forcefully with Communist voters not to sabo-tage the Left's chances by "throwing away" votes on Comnunist candidates with little hope of winning seats. However, the Socialists' former partners in government seem polls. "This is wby I think extremely reductant to co-there could be some surprises," operate - especially since the added Mr Claeys.



wounds caused by the collapse of the Union of the Left two years ago are still gaping. However, with only a few days to go before Sunday's vote, Socialist campaigners in Poitou-Charantes seem to be gaining last minute confidence that the gap between Right and Left may

hearsal for the next presiden-tial election campaign," said Mr Claeys. "The three leaders of the Right — Chirac, Giscard manoeuvring to enhance their presidential chances in 1988. This battle in the Right has in turn enhanced President Mitterrand's image and own chances."



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Taiwan

protests

# Mahathir denies wrongdoing in bank scandal

BY CHRIS SHERWELL AND WONG SULONG IN KUALA LUMPUR

company

Carrian Group.

committee.

Chinese visit to Sri Lanka

Datuk Musa, in his letter of

February 18 1986, confirms that be held meetings with Dr

Rais Saniman, a Bank Bumi-putra official. He says their

discussions concerned Malay-sia's external borrowing and were not connected with the matters investigated by the

Tengku Razaleigh describes

DR MAHATHIR MOHAMED, bank's efforts to recover money the Malaysian Prime Minister from Mr Tan and Carrian. But the Malaysian Prime Minister from Mr Tan and Carrian. But and his two most senior Cablnet he adds. "I was not told of members vesterday denied any implication of wrongdoing sug-gested by a report investigating losses of MS2.26bn (£622m) by the state-owned Bank Bumi-

The denials were contained in a government white paper on the scandal, which was tabled in Parliament yesterday at the same time as the 1.075-page re-port, by an official three-man committee, was formally pub-

The paper gives the Government view of the affair and let-ters from a number of the ministers contained in an appendix comment on the circumstances under which their names came to be mentioned in the

report.

Apart from Dr Mahathir, they include Datuk Musa Hitam, the deputy Prime Minister, and Tengku Razaleigh Hamzah. Malaysia's Finance Minister during the affair and now Trade and Industry Minister.

The white paper, broadly cor-roborates the report's accounts of events leading up to the col-lapse in March 1983 of property as "slanderous" allegations in the report that he authorised speculator Mr George Tan's Carrian Group of companies.

When the Carrian Group and of the Malaysian Government other companies linked to Mr for the purchase of Gammon Tan were hit by liquidity problems in October 1982, Bank purchased the Hong Kong Buminutra launched a highly huilding with the intention of costly rescue hid shortly after reselling it as a quick profit the collapse. reselling it as a quick profit to the Malaysian Government.

Dr Mahathir, in a letter The Government in fact bought written two weeks ago to the current Bank Bumiputra chairman, says he agreed to the ku Razaleigh.

BY MERVYN DE SILVA IN COLOMBO

on school children

SOUTH AFRICAN police yes-terday opened fire with bird-shot on a crowd of several thousand schoolchildren out-side a court house at White the detail and was not in any River in the Eastern Transway involved in the implemen-tation of those measures." vaal killing at least two and injuring at least 81 others who are in hospital under Dr Mahathir also says that police guard. he did not know Mr Tan per-sonally and that his United Malays National Organisation Eyewitnesses said scores of

injured lay on the ground after the shooting which occurred yesterday morning. According to the police, more than 3,000 children gathered which dominates the ruling coalition Government, received no money from Mr Tan and his Hia denial appears surprising since the report does not men-tion his involvement but appears designed to counter speculations that Umno could bave benefited indirectly from Bank Bumiputra'a loans to the

According to Mr Enos Mabuza, chief minister of the KaNgwane homeland, the students had forced open a gate which was closed to keep them ont of the constroom when police suddenly arrived and started shooting at random.

Meanwhile, Mr Mkhuseli Jack, the chief organiser of a black consumer boycott in the Eastern Cape who last week told a London press conference that a national boycott campaign backed by trade unions will start shortly, was yesterday servied with a five-year banning order under five-year banning order under the Internal Security Acts. A similar ban was also placed on Mr Henry Fazzie, a local leader of the United Demo-cratic Front.

CHINESE President Li Kiannian arrived in Colombo yesterday from Dhaka on the second leg of a five-nation tour. He is the first Chinese leader to visit Sri Lanka since Premier Chou En Lai came here in 1964.

Though the three-day visit, like other to Bangladesh, Egypt, Somalia and Madagascar, is a reciprocal gesture, Western, Soviet bloc and South Asian diplomats are taking unusual interest in it because of increasminers at the Blyvooruitzicht gold mine owned by Rand mines, 100 kms west of Johanneshurg, continued their strike action yesterday. The morning shift went down the mine but refused to work.

however, ended yesterday as several thousand miners returned to work on all strike-affected shafts

# US releases \$150m aid to Egypt

US Economic Assistance to EGYPT 1975-1985 13ml

. 52.582

WHEAT SHIPMENTS UNDER PLASO PROGRAMME

**PROJECTS** 

TOTAL 210,897-5m

THE US is releasing \$150m of

aid money allocated to Egypt after holding up payment because of disquiet about lack of progress towards economic reform. The decision to release the cash coincided with a visit of Cairo this week by Merchant Cairo the week by Merchant Cairo this week by to Cairo this week hy Mr Richard Murphy, the US Assis-tant Secretary of State for Middle East Affairs.

US officials are making it clear that a more stringent approach is being adopted towards aid appropriated, apart from Israel, Egypt is the largest recipient of American assistance, absorbing funds

cent of all aid funds.

The US is urging Egypt to press ahead with agricultural pricing reforms that would encourage individual farmers to increase productivity, reduce subsidies which are a crushing ourden on the national budget curb imports in an effort to head if a balance of payments crisis nd — most particularly — give was slow to translate this into nore encouragement to the effective programmes.

US officials complain about a more of its assistance towards ap between "rhetoric and the encouragement of private ction" in Egypt's approach correpreneurs. About 25 per owards its economic troubles. About 25 per official said that in will go to programmes to assist specific projects.

The US itself is directing massive aid programme to massive aid programme to Egypt in 1975 that a large cash sum was being provided. Almost all aid bas been allocated for specific projects.

"We're not going to give cash to any country in the world unovernment was making the 50 per cent over the next "right noises" about assist- several years.

"One of our big efforts here is to persusde them they've just got to open up more to private enterprise and this means their said the official." The government bas got to get out of the husiness of producing consumer goods."

a dialogue with them about macroeconomic concerns that macroeconomic concerns that macroeconomic concerns that such assistance necessary," the official said.

Since 1975, the US has appropriated — as opposed to dishursed—more than \$t0hm in development assistance to Event including project aid.

Egypt is receiving about \$1.3bn in US civil aid this year, the same amount as last year. This includes a cash supplement totalling \$500m over fiscal years 1985 and 1986 in addition to funds originally approved in the aid budget. Egypt had asked for the additional cash to help it weather the present economic It is a \$150m portion of this

cash supplement that bas been held up plus a further cash transfer amount of \$115m out of the original aid hudget. A US official pointed out that the ance to the private sector, but priation in 1985 and 1986 had "created a whole new ball game "hecause this was the first time since America began its massive aid programme to Egypt in 1975 that a large cash sum was being provided. Almost

specific projects.
"We're not going to give cash
to any country in the world un-less we feel we can sit and have

"One of our big efforts here a dialogue with them about

development assistance to Egypt, including project aid, commodity assistance, wheat shipments under the PL480 programme and cash transfers. Sales of American military equipment at concessionary terms and, since 1984, under a grant aid exhams total some grant aid scheme, total some US officials, in their efforts to

US officials, in their enors to prod the Egyptian Government into more decisive action in tackling Egypt's economic difficulties, which include a hurdensome foreign debt, are insisting that America is not assuming that America is not assuming that the interval of the interval in the in that America is not assuming
the responsibilities of the International Monetary Fund. "We
don't want to get into an IMFtype relationship with Egypt."
an official said.

One message the US is trying
to impress on Egypt, the official
coid is that American assist-

said, is that American assist-ance cannot be taken for granted. "The only thing you can say about US assistance programmes is that they don't last forever," he said. "You've got to take advantage of them while you've got them.

**Koreans mount** 

peaceful protest

to urge reform

change of name By Robert King in Taipei

TAIWAN yesterday strongly protested against the Asian Development Bank's decision to rename its delegation Taipei China at the same time It admitted China as a full member of the organisation.

Referring to the redesignation as "unfortunate and deplorable." Talwan's Foreign Ministry as "unfortunate and deplor-able," Talwan's Foreign Ministry said the ADB's action violated its charter as a non-political

organisation. The statement did not however, even hint at a possible withdrawal from the ADB in protest, an option that some hardliners bere had suggested. naronners nere nad suggested.
Such a withdrawal would have
left Taiwan without representation in any major international organisations except the Olym-pics. Taiwan's continued claim to represent all of China and its insistence on its designation kepublic of China have in the

Republic of China have in the past resulted in walk-outs or expulsions from the United Nations, the World Bank and even Interpol.

Uncertainty over Taiwan's future status in the hank has heen rife since China first announced its intention of joining the ADB more than two years the ADB more than two years ago. At the time Cblna demanded Taiwan's expulsion as a condition of its memhership. But in the face of concentrated opposition especially from the US, a major supporter of the hank, China dropped its demand and instead hegan pushing for a change of name for the Teiwan

delegation. Taiwan has traditionally resisted pressure for such changes hecause the Govern-ment feels they downgrade Taiwan to the status of a local government imolicitly under the sovereignty of Peking.

Uganda party ban

President Yoweri Museveni of Uganda, whose guerrilla army took power in January, has sus-pended Indefinitely organised activities by political parties, AP writes from Kampala.

Lesotho funds missed

Lesotho's military leader Maj. Gen. Justin Lekhanya said yesterday about 100m meloti (\$50m) was missing from accounts of the previous govern-ment of Chief Leabua Jonathan, and that some of the funds

# S. African police fire

By Anthony Robinson in

than 3,000 children gathered outside the court in support of eight classmates facing trial on public violence charges during unrest in the nearby township of Kauyamazana last month. Several buildings and 23 vehicles were burnt during the unrest, police added.

Ms Marion Sparg, a 27-yearold former journalist, has been detained for questioning in connection with last week's limpet mine explosion at John Vorster Square police station in Johannesburg

More than 7,000 black gold

The week-long strike at Vaal Reefs gold mine near Orkney on the West Band,

# Fears grow for Saudi currency

The US itself is directing

BY KATHY EVANS IN KUWAIT

THE DELAY in publication of King Fahd'a statement said, indicated the kingdom's future Saudi Arabia's hudget will de-however, that all social henefits oil strategy—just days before press local private-sector confi. for Saudi nationals would he an extraordinary meeting of dence and increase fears of a devaluation in the rival, said bankers and diplomats in the kingdom yesterday.

In the days preceding the hudget, speculation was rife that the Saudi anthorities would simultaneously announce a devaluation along with the new budget. Now that the announcement has been delayed by at least five months, even the most sceptical bankers said that if the oll market did not im-

intense speculative pressure yesterday and dealers said that higher and higher.

Other sources said that the delay would mean that no new according to some observers, ministries affecting the welfare contracts would be: signed was the publication of the of Saudi nationals experienced during the next five; months, budget at this time would have the smaller cuts.

protected and that some SR 6hn (£1.14hn) would be spent monthly to pay existing contracts.

if the oil market did not improve within the next four or five months, a devaluation of the riyal would be "almost inevitable."

The Saudi riyal came under intense speculative pressure believed that the hudget would be revenue was said by one named to have been only \$9bn in the cocurs in August, and the pilforst half of the fiscal year.

With the oil market worsenmarked hy major decision making in the kingdom. Many trim back further in the next believed that the hudget would be would be would be revenue was said by one named to have been only \$9bn in the publication of the fiscal year.

period. Another reason for the delay,

The King in his televised address said that government ministries had been told to work "But the delay already means to existing hadgets worked ont that the new budget, when it for 1985-86. Estimates of incomes, will be an austerity one come and expenditure vary designed to warn the business widely, but spending during that community, said one observer. fiscal period was thought to designed to warn the business community, said one observer. Foreign diplomats also pointed out that the decision to budget monthly for the next with income estimated at SR five months did not mean neces-sarily that the budget would be revenue was said by one hanker

yesterday and dealers said that day-to-day rates rose to 20 per cent and higher, while forward sales of riyals against the dollar pushed Saudi interbank rates higher and higher. been order to cut back by be-tween 15 and 30 per cent. Those

Senate may

bank reform

SENATOR Jake Garn, chairman of the US Senate Banking Committee, said yesterday he was planning to reintroduce banking reform legislation into Congress perhaps as soon as next

He said that one focus of

the legislation will be reform of the Federal Deposit Insur-ance System which provides insurance for bank customers

of up to \$100,000 (£715,000), but it might also include efforts to increase the invest-ment powers of banks.

sbout the strength of the financial sector, particularly banks which have lent rela-

tively large sums to farmers

Mr Presson Martin, Federal Reserve Board vice-chairman, told a congressional commit-

tee yesterday that the bank

regulatory agencies, including

the Fed, are in favour of an easing of bank rules restrict-ing the acquisition of failing

Canadian bank

regulator quits

CANADA'S chief bank regu-

CANADA'S chlef bank regu-lator bas taken early retire-ment amid widespread criticism on official super-vision of the banking industry following last year's collapse of two Alberta institutions and financial difficulties experi-enced by several other small banks writes Bernard Simon

banks, writes Bernard Simon

in Toronto.

banks across state lines

and the oll industry,

to spite of the sharp fall In interest rates there is continuing concern in the US

legislation

By Our Washington Staff

month.

consider

# SOUTH KOREA'S political opposition yesterday took to the streets by the thousands in an unprecedented peaceful demonstration for constitutional reform.

Hundreds of police stood by and watched as np to 3,000 opposition party members and dissidents marched through downlown Seoul

The display is believed to be the first anti-government demonstration tolerated by the anthorities since Mr Chun Doo-Hwan assumed the presi-dency in 1980. Three weeks ago, police placed some 200 opposition members under temporary house arrest to prevent them from attending meetings in connection with the petition drive to revise

the constitution. The campaign received an ne campaign received an unusual boost at the weekend when Stephen Cardinal 
Kim Sou-Hwan, chief prelate 
of Korea's Roman Catholic 
church, came out in support 
of revising the constitution.

appareotly had been mis-appropriated.

# AMERICAN NEWS

# Soviet Union warns of danger to summit

THE Soviet Union yesterday staff in New York indulged in protested formally against the protested formally against the unrelated to their UN work, unrelated to their UN work, its diplomatic staff at the were "utterly far-fetched and that it may, for US claims—in New York the US to last November's instance, await the view of Mr depending of the US to last November's far-fetched and that it may, for US claims—in New York instance, await the view of Mr depending of the US to last November's far-fetched and that it may, for US claims—in New York indulged in might not attend this year's summit to go large presence—too large, the US claims—in New York.

The US claims—in New York indulged in might not attend this year's summit to go large presence—too large, the US claims—in New York. United Nations in New York over the next two years, and jeopardise the next superpower

the US demand as arbitrary and a flagrant violation of American obligations as the host country of the UN, was delivered orally to Mr Richard Combs, the US charge d'affoires, at the Soviet Foreign Ministry. The text was issued by Tass, the official news oreign Ministry. The text was sued by Tass, the official news gency.

US allegations that Soviet conclusions. US and Soviet leaders had already been sparring over the summits. Two weeks ago, Mr. Mikhail Gorbachev hinted he

Peru to

buy fewer

By Doreen Gillespio in Lima

order for 26 Mirage aircraft with Marcel Dassault Aviation Company

of France without collecting penalties, according to Mr Allan Wagner,

in Paris last week.
Financing details and the num-

ber of aircraft to be delivered is still

being negotiated. Peru would like to

cut the order, placed by the previ-

aircraft. This would save the country \$350m, according to Mr Wagner.

office last July, announced that Peru would halve the order for Mi-

rages from France as part of Gov-

ernment austerity measures, but Marcel Dassault would not then ac-

cept the reduction without collect-

Arabia fell through lote last year.

ous administration in 1982, to 14

President Garcia, when he took

**Mirages** 

were "utterly far-fetched and

unfounded," it said.

The US move did direct damage to US-Soviet relations, the Soviet protest said. "The US responded that he might stay Administration must realise away from a third planned sum-The protest, which described that auch actions strengthen the US demand as arbitrary and mistrust of its policies and by hackground for a summit meeting." The Kremlin would be forced to draw "the appripriate

PRESIDENT Leon Febres Cordero provoked.

of Ecuador has postponed the dead-line for his rebel former armed for-

ces chief to surrender but warned

ter reports from Quito.

Mr Febres Cordero, in his first

public statement on the crisis since

it erupted last Friday, aaid Gen

"You ... are not worth a drop of Ecuadorean blood," Mr Febres Cor-

dero told Gen Vargas in a television

Geo Vargas, sacked by Mr Fehres

Cordero as armed forces chief and head of the air force last Friday for

insubordination, had rejected a

presidential ultimatum to surren-

der his command of the Pacific

coast air force base of Manta by Monday night.

Gen Vargas told reporters at the air base that he would take to the

Mr Febres Cordero said: "At 6am

base unless they were openly

would not surrender.

broadcast on Monday night.

mit in Moscow in 1987 if Mr to ha Gorbachev boycotted this year's Movez meeting. Even hefore that consulexchange, the two sides were at Kiev.

Reporters in Manta, 255 miles

troopers had begun arriving at a gas was born, nearly 2,000 people

south-east of the capital, said para-

nearby airport on Monday night.

But they said the landings ap-peared to have stopped after air-craft from the base flown by pilots

loyal to Gen Vargas, and armed with rockets and bombs, began low-

Some 300 people, apparently sup-porters of Gen Vargas, who had gathered half a mile from the air

base and who were being checked by police, broke through the secur-

ity cordon and went to the air base. Gen Vargas'a statements have be-come increasingly political and yes-terday he criticised Mr Febres Cor-

dero's economic policies, calling on Ecuadoreans to defend democracy

The rsbel general has accused Gen Luis Pineiros, Defence Minis-

ter, and Gen Manuel Albuja, the new chief of staff, of corruption, cit-ing this as the reason for his

Earlier on Monday, Gen Vargas, reacting to Mr Febres Cordero's ul-

timatum, said: "I will stay in the place that allows me to fight decently against this tyranny. If I have to I will go to the mountains and join

with my people, and from there we will do what we have to do.

level sorties over the area.

Ecuador leader says troops

will surround rebel's base

retaliation.
One possible step, the Soviet protest note hinted, might be to halt implementation of last November's accord to set up consulates in New York and

exchange, the two sides were at loggerheads over dates for the 1986 summit, with the US insiating on a June or July meeting and the Soviets on a September meeting.

Many diplomatic observers here believe the Kremlin still Kiev.

This, US officials admit, would be a greater loss to the US which stands to gain through a Kiev consulate a new window on the Ukraine, the second most populous Soviet republic. The Soviet Union already bas a

towns have flocked to Manta to

pledge support for Gen Vargas. In the city of Chone, where Gen Var-

marched through the streets yester-

day in support of him.

Chone residents are also organising a caravan of food and supplies to the base at Manta, where electri-

city and water have been cut off

Gen Vargas says he has 1,000 troops at the base. They have been

digging in, preparing camouflaged

machine gun nests and deploying

The crisis blew up on Friday after

a heated exchange between Gen Vargas and Gen Pineiros at the De-

Mr Febres Cordero said earlier

through a provincial governor that if Gen Vargas did not surrender by Monday night, be would say on tele-

vision what measures were to be

Gen Vargas appeared incensed by Mr Febres Cordero's indirect ul-

timatum, saying it should have been sent through government min-isters or military chiefs.

"I have been threatened in an im-

prodent manner. If he is a brave man, the governor should come to

me with a weapon (for a duel) and I

will show him that be is a coward,"

anti-aircraft guns against a possible

since the crisis began.

fence Ministry.

taken against him.

the three delegations of the Secretary General, on the US the three delegations of the demand hefore taking any Soviet Union, the Ukraine and Byelorussia (all of which are seated at the UN) are larger than those of the next two higgest national delegations combined, including the US. Yesterday's protest note described comparisons with the US as irrelevant. The US delegation had the State Department and private companies to cater for

> to provide for all its own neds. United to fly from China

> it, while th Soviet mission bad

UNITED AIRLINES has solved a bureaucratic hitch that had kept it from operating regular flights from China on a route purchased from Pan American World Airways, United said yesterday, AP reports from

In Hong Kong, the airline an-nounced that it would add 10 new weekly flights from the US to the Pacific later this year.

The new flights will operate be-tween Honolulu and Hong Kong, between San Francisco and Taipei and between New York and Tokyo. The airline said it also would increase seat capacity on its service between San Francisco and Osaka,

United began flying to Asia on February 12, after it acquired Pan Am's Pacific operations and certain aircraft under an April 1985 agreement. As a result, United's Boeing 747SP jetliners could not sell ticket

Mr William Rennett, the widety respected Inspector-General of Banks, said his retirement at 53 was not connected to the banking crisis. in China, and its aircraft were arriv ing as charter flights with about 150 passengers aboard but departing with only 40 or 50 people who Mrs Barbara McDougail, Mmister of State for Finance. bought tickets before the ownership change.

Mr George Vlachos, the airline's
Peking office director, and last
month that return bickets had to be said Mr Kennett had requested early retirement under a voluntary government pro-

endorsed over to Japan Air Lines or It has been clear for several months however, that Mr Kennett would be an early victim of last year's events. which included the fallure of Canadian Commercial Bank (CCB) of Education, balled out earlier by the Government and the six largest banks.

# White House asks Congress to approve Saudi arms deal

BY STEWART FLEMING IN WASHINGTON

THE Reagan Administration provide Saudi Arabia with some yesterday asked Congress to approve the sale of \$354m missiles, 800 Stinger surface-to-air missiles and about 100 antiapprove the sale of \$354m (£253m) worth of advanced missiles to Saudi Arahia, hut the deal ran into opposition Democrat, announced even before the formal request on Capitol Hill to enquise an arrived on Capitol Hill that an election year an initiative which is opposed by the powerhe would oppose it "because of the hostility the Saudis have shown for fundamental US national security interests in the Mideast."

ship missiles.
An influential factor which Senator Alan Cranston, a will help to shape Congressional Democrat, announced even attitudes will be the reluctance its and

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ful Israeli lobby.

Under US law, Congress will bave 50 working days to consider the sale which will go the Mideast."

The argument that Saudi Arabla has not been sufficiently supportive of the US peace luitiatives in the Middle East and its efforts to combat terrorism in the region is likely to figure prominently in the battle over the sale which would saled unless it is hlocked by a majority vote in both the House and the Senate.

# Panama meets creditors as anger over austerity grows

CASH-STRAPPED Panama is which was recommended by the holding crucial talks with its IMF and the World Bank. creditors this week as protests spread over austerity measures agreed on by the Government to secure financial rellef, Reuter reports from Panama

Reuter reports from Panama City.

Mr Ricaurte Vasquez, has begun telks with the International Monetary Fund (IMF) and international bankers over a \$46m (£33m) EMF loan and final approval of the financial package agreed by commercial creditors lest year. This would clear the way to refinancing of the \$579m of debt due this year. As Mr Vasquez began his As Mr Vasquez began his meetings, Panama's largest labour confederation, the 70,000-member National Councit of Organised Workers (Conato),

of Organised workers (County), started an indefinite nationwide strike in protest over labour law reforms contained in the Government's austerity package,

...Conato said some 80,000 government workers wero expected to join the stoppage, which has hrought widespread disruption in Panama City. But an official spokesman said they were working normally. were working normally.

Business leaders and opposition politicians have also criticised the austerity measures, which attempt to slash subsidies and reduce protectionism for local industry, saying they mark the beginning of the end for Panama'a military-backed Government.

Approval of the commercial loan package, expected last December, was held up after the World Bank told Panama's creditors the economic adjustcreditors the economie adjustment programme the country

# Arms negotiator resigns

Tower, has for "personal Larry Speak reasons" submitted his resig. AP reports.

FORMER US Senator, John White House spokesman Mr Tower, has for "personal Larry Speakes said yesterday, nation as a US arms control Mr Tower's move "was for negotiator, and President personal reasons, It was not Ronald Reagan will accept it, over policy differences."

pledged to enact three years ago was "dormant."

### HAND DELIVERY **SERVICE**

THE FRENCH Government has that government troops will sur-

agreed to allow Peru to reduce its round his base at dawn today, Reu-

Foreign Affairs Minister, who was in Paris last week.

Frank Vargas Pazos was guilty of insubordination and rebellion.

ing compensation. An earlier plan mountains if necessary, but he to transfer half the order to Saudi would not surrender.

Arabia fell through note hast year.

The total cost of the 26 aircraft had been set at \$728m to be paid over 10 years. Peru paid \$77m on placing the order and a further \$62m at the end of 1984.

May Lorder Abusettes Peru's discontinuation of the property of the dolor without homes.

rector of public credit is due in Pa- The President said his troops had ris this week to continue orders not to fire on the air force

Mr Javier Abugattas, Peru's di- to do it without honour."

CANNES/GRENOBLE/LYON/MONACO/ NICE/PARIS/TOULOUSE Your subscription copy of the FINANCIAL TIMES can be hand-delivered

Representatives from nearby Gen Vargas said.

to your office in the centre of any of the cities listed above. For details contact: Ben Hughes. Tel: 01 4297 0630. Teleo: 220044

FRANCE

# Integrating business systems will take time, but in the end you'll see the benefits.

Open the pages of any business newspaper (this one is no exception), and one word will undoubtedly meet your eye.

Integration.

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Hotel Present to the common of 
iors

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Unfortunately, you're going to have to look somewhat harder, to see what your company will gain from this 'new communications revolution'. You'll have to delve a little deeper for the facts.

The point is, in addition to picking up the telephone, many more office workers are learning to use computers. They're becoming familiar with all manner of electronic office equipment.

Manufacturing is becoming much more automated.

# Finding the right support for a weighty problem.

Methods of collecting information, sharing it with colleagues, agreeing business plans and forecasts, are neither efficient enough, fast enough or clever enough, to cope with all the data now available.

But neither is it good enough, just to talk about the need to integrate telephones with computers and word processors.

"All your company needs is a Local Area Network, Sir!"

Not necessarily. There are no simple answers. Some equipment, some of you may

OFFICE 2000 INFORMATION MANAGEMENT have already discovered, just will not integrate. Small wonder then that some workers are more than a little reluctant to change the way they work.

This is where we come in. At ITT, we recognise the enormity of the task.

We've been dealing with this problem long enough to realise that proper integration, real interworking, will take time.

That doesn't mean you can't start this minute.

ITT have already developed a broadly based range of hardware and software. It's called OFFICE 2000.

The name might not mean a lot now, but the idea will.

OFFICE 2000 (our word for information management), aims to provide a system, whereby any future equipment will interwork, and be compatible with the equipment you've already got. (Good news for the Financial Director, bad news for the used equipment dealer.)

# Your present equipment, wired for the future.

An attractive proposition. But the real beauty is you'll have far more productive use of all your electronic office equipment.

You can distribute information faster.

You can cut out unnecessary meetings.

You can have electronic mailboxes to leave messages for all those colleagues who are always out. And you'll be able to involve more of those colleagues for better, and consequently more innovative, decision making.

All this means increased efficiency. Which means increased productivity. Which means increased profit.

"Sounds good in theory, but why should I choose ITT to put it into practice?"

# Billions in investment and a wealth of experience.

With a hundred years in telecommunications and information management worldwide, we've had plenty of practice.

And isn't it better to use a communications based company for a communications problem, than a data processing firm?

OFFICE 2000 is the result of ITT's \$1 billion a year investment into research and development.

Proof enough of a real commitment to this area, and the resources to supply the service well into the 21st century.

Right now though, all we're asking you to invest in is the price of a postage stamp, for our OFFICE 2000 information pack.

But send for it now.

The sooner your information management is integrated, the sooner you'll enjoy the advantages.

To: Office 2000, ITTEur	ope, Avenue Louise 480, B-1050 Brussels, Belgium
Name	FT6 Title
Company	
Address	
Tel:	



# ET BLUEGREN FROM BULL COMPUTERS HELP INCREASE YOUR PRODUCTIVITY.

In any business, everyone should have free access to the information they need, merely so that the business runs smoothly.

Otherwise, productivity itself can suffer.

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BULL is one of the leading European manufacturers of distributed information processing and office automation systems. BULL provides a genuine alternative in all the different areas of information processing.

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With BlueGreen, each individual has access to the information wealth of the company. Which he can update, clarify, transform and circulate.

And enhance with his personal contribution as well as with information from outside the company.

These conditions, of course, are a breeding ground for an increase in productivity.

BULL. The tree of communication.

\* BlueGreen is a trademark of Group BULL.



# **Democrats renew** attack on 'unfair trade practices'

import harriers, markets closed market, which has had a deva-to foreign telecommunication stating effect on the efforts of sales and EEC sugar sub-sidies have come under re-newed attack: in Congress by Basin."

fair trade practices by the EEC, against the EEC to the General West Germany, South Korea, Agreement on Tariffs and

The Senators have already examined information provided by Dc Clayton Yentter, US Trade Representative, and they want the Administration to negotiate an end to the alleged practices or to retaliate, under Section 301 of the 1974 Trade

When the President promised a more aggressive stand against "unfair trade" last autumn, the Trede Representative's Office inlited several unfair trade cases on its own. A spokesman at the Trade Office said the

Democrats' case would receive serious consideration.

BRAZILIAN and South Korean the back of the world sugar

the Senate Democratic working group on trade policy.

The group has written to President Ronald Reagan asking him to investigate alleged un-

The Democrets, who are expected to make trade a major campaign issue in next November's Congressional elections, say complaints should also be pursued against:

• West Germany, Canada and

Japan to open up their domestic telelcommunications markets; Mexico for its unwillingness to protect US patents;
 Brazil for its barriers to the export husiness eircraft.

Negotiations began last week on the Administration's case against Japan for protection of its tobacco industry. The Administration is reported to have According to the group, EEC decided to drop its case against sugar subsidies "have broken wheet subsidies.

### Japan oil purchase pact with Iran breaks down

BY KATHY EVANS IN DUBAL

imports from the Islamic republic. The agreement was onitored by a co-ordination

Last year, when Iran began experiencing severe foreign currency problems, letters of credit appproved by Iran's Commerce Ministry experienced and pu

difficulties in approval at the Iranian Central Bank. "The committee's activities subsequently became meaningless," sald one Japanese trade official. Japanese oil buyers are now resisting offers by Iranian oil officials to renew their term-

counter-purchase back deals based on Singapore agreement with man which Japanese exports were tied to the amount of oil it purchased, appears to have broken down following the oil price collapse.

Under the agreement, Japan in the calculations, which Iran has refused. The two Gulf crudes are reported to be selling between \$11 and \$12 a barrel, traders in the region said.

ing on the original terms of the deal, but Japanese trade officials say that with the foreign currency shortage, the data is not even being col-

Japanese oil purchases have subsequently switched to Iraq, and purchases from the pipeline at Yanbu ere running at 210,000 b/d. Negotiations are continuing over the price of the crude being lifted.

The Japanese say they would prefer to calculate the Iraqi oil price based on the spot valua-tions of Dubai, Oman and Saudi's Arab Light.

officials to renew their termcontracts when they expire in
April. The current contract requires the Japanese trading
companies to lift 450,000 barrels a day, but since then,
Japan has signed substantial
contracts with Iraq.

During a recent visit to
Tokyo National Iranian Oil
Company officials were reported only to have offered net
officials on the spot valua
Saudi's Arab Light.

Difficulty has arisen, though.

value of the latter crude, for
Arab Light is not being traded
in the spot market. The controversy over the formula has
led the Japanese to reduce
imports of Iraqi oil by
30,000 b/d in the quarter.

# Belgium, Italy in key gas talks with Algerians BY FRANCIS GHILES

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SONATRACH, the state Algerian oil and gas monopoly, is engaged in key talks with its Belgian and Italian customers. It is holding talks with Distrigaz, the Belgian company which should have been completed on January 1, on the price the Belgians will pay and the quantity of gas.

Talks are also under way with Ente Nazionale Idvocarburi (ENI) of Italy and negotiations are due to start with Gaz de France this autumn.

When the contract signed by Distrigaz 10 years ago came into force in November 1982, the Belgians bought 2.5bm cubic metres of gas from Sonatrach in the following 12 months, Ibn of which was ceded to Gaz de France.

Belgium still imports its gas through the Frence port of Montoire, near Nantes. The Algerian liquified natural gas is re-gasified there, pending completion of the port and regastification plant at Zebrugge.

The fob price of Algerian gas was \$4.8 per lim BTU (Britisb Thermal Units) in 1982 and now stands at \$3.8, (\$4.4 cif).

The initial cootract supulated that Distrigaz should buy 5bn cu metres of gas this year.

The company is known to be seeking a new agreement on volume and price.

Like other European buyers of Algerian gas, Distrigaz feels

"I studied French

# for years but I still can't speak it." For those who really want to speak a language.

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**EDINBURGH** 

# Manila to vet deals in anti-bribery drive

THE NEW Filipino Government is to vet all contracts involving public funds, whether they involve foreign or domestic companies, in a drive against

Many contracts will have to be submitted for vetting before being signed, probably those in excess of \$5m (£3.5m), and ali A PHILIPS board member yes terday vigorously defended his company's project to develop the newest generation of microchips against claims that it was fall-ing behind Japanese and US deals will be scrutinised after

competition.

Mr Sjorg Van Houten told a microelectronics congress in Amsterdam thet the Dutch electronics company would have samples of its new one megabit memory chip on the market at about the same times as other chip makers, in 1988, with commercial production to follow Philips is developing a sub-micron (smaller than one-one thousandth of a millimetre) Static Random Access Memory (SRAM) chip as part of the se called mega project with Siemens of West Germany. Mr Van Houten claimed that Philips was right on schedule with development of its onemegabit SRAM. But when the megaproject was launched in the autumn of 1984. Philips predicted it would begin pilot production this year. Now that

**Philips** 

defends

megabit

chip project

The Philips executive rejected reports that several companies

will not happen until September

The vetting will be done by the Commission on Audit, an existing body with wide powers to institute civil and criminal proceedings, which has been given a new mandete by Mrs Corazon Aquino, the new Presi-

The commission's newlyeppointed chairman, Mr Teofisto Guingona, sald yesterday that his aim was "substantially to

tigating past contracts which may have been won by foreign companies by bribing officials in the regime of former President Ferdinand Marcos. "We will go after these people, past or future, and take whatever action is necessary," said Mr Guingona. "We shall also name them"

Mrs Aquino's Government hes alleged that fortunes were made both by President Marcos and many of his close associates

The commission is also inves- Mr Guingona, was defective. bureaucracy." The plant "symbolises an The amounts involved in the impropriety." extravagant waste. It was suppublic sector are substantial Westinghout posed to cost \$500m. It ended and the new anti-corruption tion of the up costing over \$2bn."

One of the biggest sources of "anomalies"—the Government's euphemism for bribes—was what Mr Guingona described as inflating the price after the original contract was implemented. Mr Guingona, a former presi-

dent of the country's Chamber of Commerce and governor of

and the new anti-corruption tion of the nuclear power drive and audit is bound to plant, begun in 1976 at a bave an effect, diplomats budgeted cost of around \$600m believe, on the ability of companies to deal with the Philip panies to deal with the Philip-pine Government. The public sector investment budget for the 1985-89 five-year plan amounts to Pesos 144bn

William Hall in New York the Development Bank of the adds: Mr Robert F. Pugliese, by taking bribes from foreign companies. The commission is investigating a report alleging that Mr Marcos received \$30m for awarding the \$2.1bn confor awarding the \$2.1bn confor awarding the \$2.1bn conformal for awarding our economic growth. for awarding the \$2.1bn contract for the controversial Bataan nuclear power plant to Westingbouse of the US.

It also intends challenging Westingbouse in the courts over the original contract which, said the use of the US are tarding our economic growth.

He said, however, that the job investigated by the US Government." He said the US Securities and Exchenge Commission and the Department of Justice was not unnecessary and in neither instance was

Westinghouse charged with any

thet it was not yet operating because the local utility had not received permission to load nuclear fuel into the plant.

Westinghouse said that they had not been informed of any Philippine plans to challenge the original contract and contested the allegations that it was "an extravagant waste."

The company said construc tion had begun just as world inflation was starting to rise rapidly and construction was delayed 18 months while alterations were made after the Three Mile Island accident in the US six years ago six years ago.

# Cockfield warns on EEC food standards

BY IVO DAWNAY IN BRUSSELS

to establish new quality stan-dards for pasta threaten to un-ravel a crucial element in the

LORD COCKFIELD, the EEC missioners representing Mediter- of food products—the exact yeer.

Commissioner for the internal ranean member states voted to recipe for beer, for example—in In a letter to bis fellow-commarket, has issued a stern warnabandon legal moves against favour of a general liberalisamissioners, Lord Cockfield has ing to his colleagues that moves France, Italy and Greece over tion. their requirements for pasta.

Last eutumn, Lord Cockfield won Commission support for a new strategy on food policy aimed at speeding the removal of internal barriers to trade.

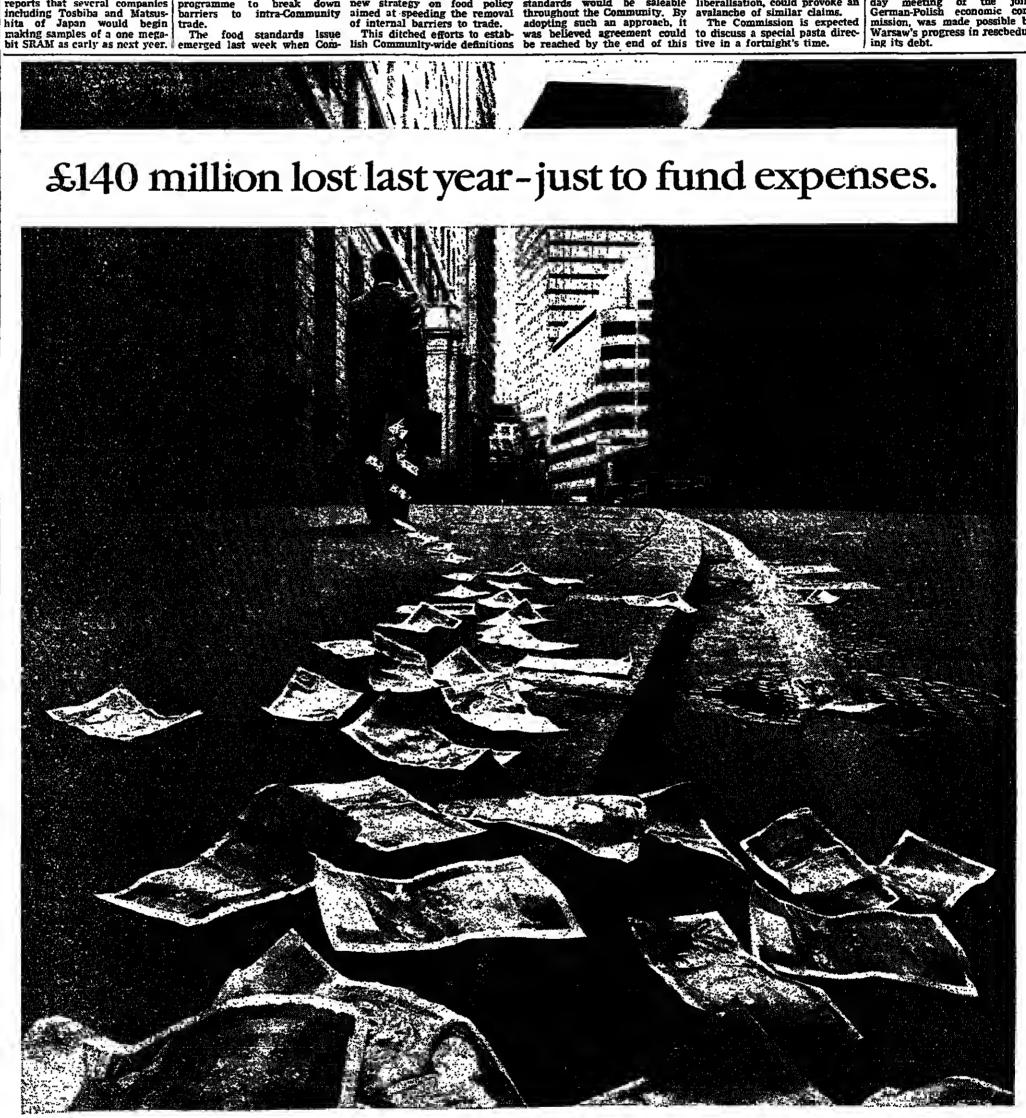
This policy proposed that in the pasta, exempting its quality standards would be saleable throughout the Community. By avalanche of similar claims.

This ditched offerts to catch. ravel a crucial element in the won Commission support for a programme to break down new strategy on food policy barriers to intra-Community aimed at speeding the removal

### Bonn resumes Polish credit

West Germany and Poland have egreed on the resumption of official German export credit guarantees for exports to Poland of up to DM 100m, Reuter reports from Bonn. Mr Martin Bangemann, German Economics Minister,

said the agreement on export credits, reached during a two-day meeting of the joint German-Polish economic commission, was made possible by Warsaw's progress in rescheduling its debt.



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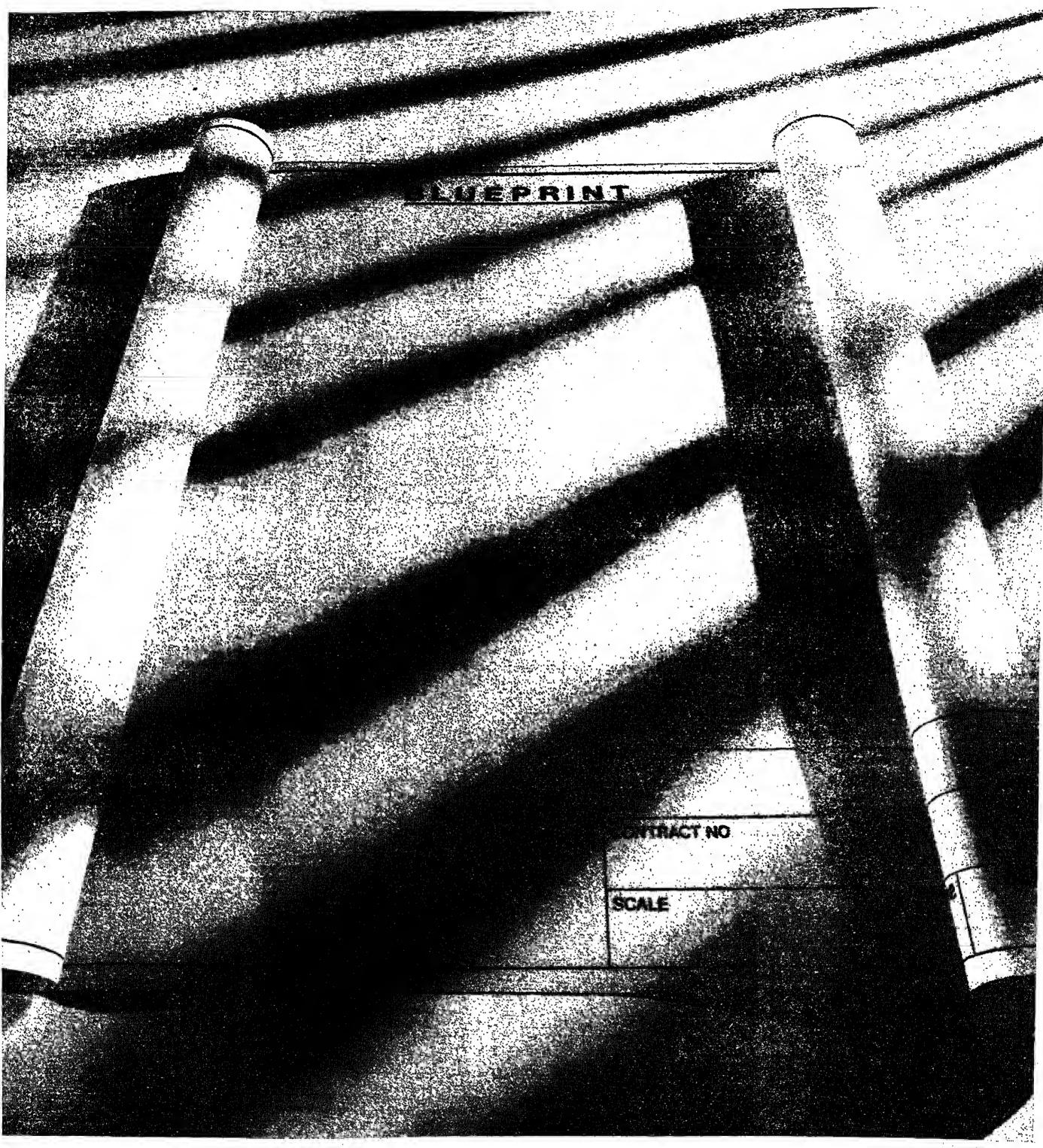
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of American Express that exists to help you plan, manage, and finance and operate your company's business travel with the maximum returns. And the lowest costs. Source: Business Travel and Entertainment Expenses in Britain (1985).

FT3/86

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# MANAGEMENT

VOTERS choosing a new National Assembly in France's general elections next Sunday will also be helping to determins the future shape of the most powerful force in French banking and finance.

Compagnie Financiere de
Paribas, the financial and indus-

trial holding group taken over by the state as part of the Socialist government's nationa-lisation moves in 1982, is top of the list of the concerns likely to be sold to the private sector if the Right-wing Opposition, as expected, emerges victorious on polling day. Jean-Yves Haberer, the for-

mer director of the French Treasury brought in to chair Paribas at the end of 1981 amid a political storm over nationalisation, has proved generally more adept than expected at ateering the group through

state ownership.

Paribas, tong villified by the Socialists as a "state within a state" during the party's long period in Opposition, became the main target for take-over following the alestion, victory of lowing the election victory of President Francois Mitterrand

It eventually passed into pub-lie ownership in February 1982. Staff and clients were shellshocked by wrangling with the Government which reached a chmax with the forced resignation of Pierre Moussa, the for-mer chairman, in October 1981 after he manoeuvred successfully to free-Paribas pivotal Swiss subsidiary from the nationalisation net.

formance seems tronically to have vindicated the Left's long-beld view of the group as a self-mutating organism serving the inlerests of capitalism wilb built-in resistance to outside

political pressures. political pressures.

After the autumn 1981 bloodsplling, the Socialist government shrank back from any
question of further dismemberment. And Paribas, run from an elegant tapestry-strewn headquarters in the Rue d'Antin, the centrepiece of which is a covered courtyard featuring an Paribas has been guided more 18th century statue of Louis in the direction of building up XIV, now seems likely to be corporate links with medium able to look back at its period within the public sector simply which in the past it often as an interinde in its 114-year rather disdained.

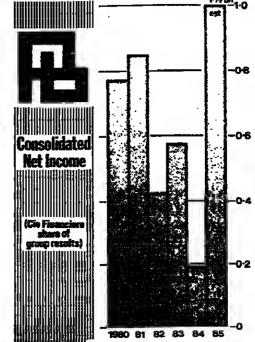
Paribas' costly pull-out of imagine anything more stupid Becker, the troubled New York than a nationalised banque securities bouse, 1985 net earn-d'affaires." And he adds: "I may ings look likely to bave risen be wrong, but at the end of the

**Paribas** 

# **Standing** aloof from political influence

David Marsh reports on the prospects for the French bank and Jean-Yves Haberer, its chairman, after Sunday's election





valuation of Paribas' arch-rival, Compagnie Financiere de Suez, which was also taken over by the state in 1982) Paribas' market capitalisation is now over ationalisation net.

FFr 20bn—four times the price at which it was nationalised.

### Impulse

Paribas' style and strategy have rertainly been influenced by nationalisation. The Government's hudgetary squeeze has forced the group to live without capital injections from its state shareholder. Cut off from its previous boldings in large companies like the Thomson electronics group, which was also taken over by the state in 1982,

old bistory.

Haberer has presided over a steady rise in the group's hasic earnings power. Even though consolidated net profits nose own stock to finance acquisidived in 1984 as a result of tions and says; "It is difficult to sharply above profits in the 1970s I believed the impulse we early 1980s. were giving to Paribas was so were giving to Paribas was so The group's balance sheet has strong that it was going up to

ance and industry during the under the Moussa regime, the three year boom on the Paris bourse (a factor which has also significantly boosted the more because of the sharpening change is less a result of inter-ference by government, far more because of the sharpening of competition on international financial markets.

Haberer, for instance, has greatly increased provisions to cope with increased risks on the international banking side. Spectacular financial coups may have been a rarity during the past few years. But Haberer instead has built up solid muscle power in the bond business-it has become the leading French bank in the Eurobond sector, ranked 10th inter-nationally in terms of lead management last year, and has also profited greatly from deregulation in the domestic French bond market. And he has also continued to enlarge Paribas' expertise in venture capital an area where it bas the most experience of any French bank —and which is starting to pay off as companies in which it invested start to build up turnover and profits.

The biggest blow to Paribas'

self-confidence came in 1984 with the hasty withdrawal from Becker on which it took a FFr 680m (£68m) loss. The sale of Becker to Merrill Lynch in August 1984—in return Paribas received a 3 per cent stake in Merrill—came only three months after Parihas took control of the New York trading firm in which it had been assoclated, initially as a sleeping partner with merchant banker

buffeted Wall Street in 1984.

Paribas still knows that, as financial markels become increasingly innovative and competitive, it has to huild up its base outside Paris. But in its latest international move - it is taking 100 per cent control in April of the London stockhroker Quilter Goodison — Haberer says the group has digested the lessons of its experience with Becker.

Quilter Goodison, much more in tune with Paribas own mer-chant banking culture, should prove easier to control, Haberer believes. And Paribas had made efforts to allow its

banker under the Socialists. An tion under an eventual financial able and clear-thinking administrator who proved his worth to of CIs for voting sbares. rrator who proved his worth to Right wing governments in a succession of senior civil service posts sioce the 1960s, Haberer now faces another series of tests as the Right looks set to retake power.

The Right wing has provided the series of tests as the Right looks set to retake power.

The Right wing has provided the series of tests as the Right looks set to retake power.

to cope with the management he is hoping that his position handle the crisis in autumn and financiat problems of the bas heen strengthened by a securities dealing storm which capital raising exercise just Despite his connections and carried out on the Paris bourse

> tion.
>
> The group plared on its own behalf FFr 3.6bn of non-voting preference shares (certificats into retirement. The most notd'investissements or Cls). This was double the size of the largest previous equity-raising transaction carried out on the

Paris bourse.

The issue, which was heavily over-subscribed, has boosted the group's total capital resources to FFr 23bn. Improved capital backing is a precondition for Banque Paribas to keep its Triple A rating on Wall Street if the state sells its shareholdcontacts with Quilier Goodison at all levels — not commutting the error it made with Becker of having no basic contact with the company's employees.

The Becker affair marked Haberer's greatest trial in bis efforts to make bis mark as a banker under the Socialists. An able and clear of the state sells its shareholding later this year. And the find inglater this

also strengthened considerably, heaven—ad astra. Owing to Helped above all by the surge in the stock market value of its holdings and subsidiaries in fin
The place of the place of the power in 1951, Haberer was the say finat for heaven—ad astra. Owing to S. G. Warburg, since 1974.

The episode illustrated the power though Haberer, with appointee of politification. Paribas is not between 1969 and 1978 who was the fact that he has holdings and subsidiaries in fin
The place of the power play looks one of the between 1969 and 1978 who was the fact that he has least likely to be deposed. And called out of retirement to for denationalisation.

his bringing in of only a few outside appointees for top posts. which in effect represents a Haberer failed to strike up a rapport with some of the older practice run for denationalisa-

able departure has been that of Gerard Eskenazi, the former No 2 under Moussa. Eskenazi became chairman of the Pargesa international holding company, owned by a number of former investors in Paribas and the vehicle used to take control of Paribas Suisse in autumn 1981.

### Vulnerable

If the Right decide to oust Haberer, Eskenazi, who was being groomed by Moussa to take over as his sucessor, is the most likely candidate to take

Summing up his chairman's delicate position, a colleague of Haberer says: "In the past Paribas has grown through internal sedimentation. The choice of Heberer has introduced a foreign body into this culture." He affirms that Haberer is "vulnerable" because of enemies he has made during bls time at the Treasury and in bls new career. But ne adds: "We

Though deprived of capital funding from its state share-holder, Paribas has proved adept at using the buoyancy of the French financial markets to its advantage.

A range of Paribas subsi-diaries quoted on the stock market-including the specialised credit group Compagnie Bancaire (owned 45 per cent by Paribas), and its portfolio in-vestment arm OPFI-Paribas (stake 73 per cent)—have been active recently in raising funds on the bourse. Total equity-type fund raising on the bourse by Paribas and its subsidiaries since nationalisation bas amounted to about FFr 10bn.

Haberer's aloofness may have been an important reason why the Government has had little success in attempts to meddle in Parioas' affairs. He has seen Pierre Beregovoy, the present Finance Minister, only twice since the latter took office 20 months ago and on neither occasion on matters connected with

Sinre nationalisation, Paribas has injected between FFr 2bn and FFr 3bn into Industrial companies in difficulties in which it owns stakes—most of which are now on the way to recovery. Paribas retains a 12 per cent stake in the holding company of the Empain-Schneider group which owned Creusot-Loire, the heavy engineering group which went bankrupt in 1984. Even Right-wing executives in rivat hanks grudgingly admire Haberer for resisting pressure from the Government to bail out the cumpany. Haberer told the Government that it was not Paribas' responsibility and that anyway it didn't have any money.

The results setback in 1984 - when the Compagnie Financiere share of consolidated net profits plunged to FFr 193m from FFr 571m in 1983 appears to bave been fully overcome last year, when provisional estimates of group net earnings totalled more than FFr 1hn.

With these results behind him, Haberer says be bas "no sleepless nights" over his future. If it is needed, the cast-ing vote in the matter could come from Jacques de Fouchier, now 74 years old who, as bonorary chairman of Paribas and Compagnie Bancaire, keeps

a fatherly eye on both groups. De Fouchier, who recom-mended Haberer as Paribas chalrman to President Mitterrand in 1981 says: "People with ambition" are campaigning against Haberer. But he says: "I believe that anyone other looks set to retake power.

The Right wing has promised widespread changes among chalrmen of nationalised banks and industries if it returns to power, though Haberer, with his finely honed sense of political power play, looks one of the lesses with the sense of the lesses with the less with the lesses 
### Management abstracts

Intercultural Training for Managers. Y. Bogorya in The Journal of Management Development (UK), Vol 4

No 2 (9 pages) Describes the basic model of human communication, te messages passing from source (intuition) to destination (understanding) through processes of encoding, transmission, and decoding. Shows how this model bas to be extended to allow for language, emotional and attitudinal factors when communication takes place across cultural boundaries as is typical in international com-panies; argues that this is a valid and necessary subject for training. Employee theft. J. W. Kennish

in The Internal Auditor (US).

Aug 85 (4 pages)
Discusses the nature of employee theft, and identifies four factors which create the environment in which theft can flourisb: motivation to steal, opportunity, employee and management attitudes; outlines bow preventive action, such as written procedures, training, and screening transmit the message that theft will not be tolerated A consultant's observations on

life as a senior executive. R. O. Metzger in Journal of Management Consulting (Netherlands), Vol 2 No 2

(3 pages) A management consultant who for a month worked as a bank vice president (the bank is unnamed) gives his views on the working side of life; offers such sharp (often rueful) ob-servations as "you have no time" and "senior executives have a lot of trouble knowing what is really going on in the organisation."

How to arrange a meeting. R. Leicher in Management Zeitscbrift (Switzerland), April 1985 (1 page, in German, English version available) Maintains that skill ia needed to get people with wbom you want to talk to agree to meet you on an acceptable day at a convenient time: there are dos and don'ts to observe: eg a request to meet at 10.20 bas a better chance of acceptance than 10 o'clock; not only a starting time should be stated but also a

These abstracts are condensed from the abstracting journals published by Anbar Management Publications.
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PUBLIC SCHEMES WILL BENEFIT MOST FROM WASHINGTON'S FIVE-YEAR PACKAGE

# US \$250m aid likely to favour Ulster

BY HUGH CARNEGY IN DUBLIN

over five years to back the Anglo-Irish agreement, under discussion last night by the House of Representatives in Washington, is likely to be spent on three main types of economic and social projects with roughly a three-to-one spending bi-as in favour of Northern Ireland. The agreement, signed last No-

vember, gives Dublin a role in the affairs of the UK province.

The larger part of the aid, designed to underpin the polibical aspects of the agreement, will go to schemes put forward by public au-thorities and are expected to in-

THE PROPOSAL for \$250m US aid and projects such as afforestation. Officials are reluctant to name specific projects but one example might be a long-delayed improvement of the congested main border crossing road between Newry and

> There will be contributions to community and voluntary bodies, carefully vetted to ensure they have no paramilitary links. Officials also intend that some money will be earmarked for a venture capital fund to provide equity capital for busi-nesses setting up in, for example, border areas with high unemployment

South of the border, the main

as the border town of Clones which have suffered because of the

In the north, much of the emphasis is expected to be on the social infrastructure in an effort to tackle the perceived link between social deprivation and violence.

Both sides originally hoped for at least \$350m from the US. The are now waiting to see what form the package finally takes after it has been through the Senate, before constituting the international fund through which the money will be

There is some expectation that the total will be a compromise between the \$250m of grant aid over

five years expected to be approved ists don't want the money, there are by the House and the original Administration proposal for \$100m in one Dublin official. aid and \$150m in credits.

**UK NEWS** 

The international fund will be administered by a board of manage-ment made up of British and Irish officials, with the possibility of American involvement. The fund will have a small executive staff to evaluate projects.

Unionists opposed to the deal have criticised the aid as blackmail to try to get them to accept the Ang-lo-Irish accord, but their objections are not regarded as an obstacle to operating the fund. "The absorption capacity of the Northern Ireland

Dublin and London are also making a joint approach to the European Community for a contribution to the fund to match or exceed the US aid. However, Mr Tom King, the British Secretary of State for Northern Ireland, said this week there were difficulties in London on how the joint submission should be based and this may delay the

Canada and Australia are two other countries which the two sides have approached on possible contri-

# **British** Steel set to raise prices

By lan Rodger BRITISH Steel (BSC) will try to raise the prices of its strip mill products and plates by 3 to 5 per

cent on April 1. The move partly reflects strong market conditions in the UK in the past two months, with the motor and engineering industries operating well. But the main factor is probably the easing of pressure on BSC from European competitors following the sharp fall of sterling against the D-Mark in recent

months. Some analysts are surprised that BSC is not seeking bigger price in-creases to take advantage of the situation. The corporation's caution probably reflects its scepticism

about sterling remaining weak against the D-Mark for long. The increases are the first attempted by BSC this year in the important flat product sectors. West German producers attempted to impose a DM 30 per tonne price increase on flat rolled products in January, which would have represented a 3 per cent rise, but the move failed because of weakness in the market then and pressure from imports. The West Germans will try again for lesser increases of DM 15 to DM 20 a tonne next month.

# Urenco gives pledge to stand by uranium enrichment process

BY DAVID FISHLOCK, SCIENCE EDITOR

Dutch uranium enrichment company, has strongly denied rumours that it may soon abandon its unique

over the past 15 years.

In a statement yesterday the company said the rival laser enrichment process would find it difficult "to achieve economic superiority over the centrifuge before the end of the century."

"All foreseeable new investment by Urenco in enrichment facilities will use the gas centrifuge," it said.

Urenco specialises in the enrichment stage of the manufacture of civil nuclear fuel, up to levels of about 5 per cent enrichment, It has

no military business. The company has a gas centrifuge investment programme approaching £500m, and a forward order book for enrichment contracts for electricity companies which exceeds £2.5bn.

Rumours of a threat to its technology base began to circulate after the appearance of two executives from British Nuclear Fuels (BNFL) - its British shareholder - before a House of Lords select committee in

Mr Con Allday, BNFL chairman of progress.

URENCO, the Anglo-German and chief executive, said then that there was a risk the US could leapfrog Urenco with its new laser enrichment process, for which it bad already abandoned its own version gas centrifuge process, development jointly by the three countries of the gas centrifuge. He forecast that within two or three years Urenco would have to take a crucial decision between an advanced centrifuge and the laser.

Preliminary discussions with the French - who are also developing the laser process - had indicated "a willingness to talk," Mr Allday said. Urenco executives believe that the crucial decision between their new and faster TCX centrifuge, still under development, is further away. A decision is expected in the early 1990s.

All three countries are increasing their investment in laser earithment research, to a total of about £15m for the coming year.

The French are already spending at double this rate. The Commissariat à l'Energie Atomique bas budgeted about £30m, this year. It aims to reach pilot plant stage by 1992. Urenco plans to keep the three laser research programmes separate for the present, and to pursue different technologies, but the partners will keep each other informed

### dling complaints and boosting the number of Roman Catholic lations between the Royal Ulster the Northern Ireland Assembly that Sir John Hermon, the RUC were arrested but later released. At lunchtime, workers from Chief Constable, and Mr Law-rence Wren, Commissioner of the Constabulary (RUC) and the na-recruits to the force. The British side welcomed the tionalist community in Northern the Belfast shipyard and Short Brothers aircraft factory blocked the main roads into Belfast for 30 Irish Police, had attended to give Irish decision to sign the European convention on the suppres-sion of terrorism in Strasbourg There was strict security for progress reports on security cothe meeting at Stormont Castle. Sir John told ministers how Police ringed the area and there minutes. last month.

the meeting yesterday of British and Irish ministers in Belfast

BY OUR BELFAST CORRESPONDENT

PROTESTS by Unionists marked

nder the auspices of the Anglo-The inter-governmental con-ference, chaired jointly by Mr Tom King, the Northern Ireland Secretary, and Mr Peter Barry. the Irish Foreign Minister, con-

centrated on security co-opera-

tion and the need to improve re-

were scuffles when a crowd led by Unionist politicians attempted

to cut security fencing. Three

Democratic Unionist members of

Loyalists protest as Anglo-Irish conference meets

The meeting was the fourth since the conference was set up last November. The two sides issued a communiqué which said

the RUC was seeking to develop relations with the minority, including arrangements for han-

Security and community relations will be among the issues

raised at the next meeting

# Cost of Trident missile project up by £584m

THE OFFICIAL estimated cost of time for an in-service date in the the Trident missile programme bas mid 1990s," be said. increased by £584m to £9.869bn, Mr Mr Tim Yeo (Conservative) gave put put severe strain on the conven- tant defence programmes."

tional defence budget. claimed, however, that the £584m require, on average, 3 per cent of increase would be more than offset the defence budget, and 6 per cent by the fall in the dollar against ster-ling since last June, the date on He said that this was "well within which exchange rates used to calcu- our means" for a system which late the cost of the programme are would offer defence and safety for

The ministry estimates that each £35m. At yesterday's exchange rate have to be maintained within a de-£595m less than the official

Mr Younger said the cost of Trident bad been reassessed as part of the annual review of costings being carried out by defence ministers. The review was based on last June's exchange rate of \$1.28 in order to fence spokesman, said the Governensure comparibility with previous ment would have no option but to official estimates.

crease reflected exchange rate movements since the previous cost estimate was made early last year. better project definition."

"Costs are clearly under control and the programme remains on

George Younger, the Defence Sec- a warning that even in the light of retary, told the House of Commons the latest savings caused by exyesterday. The announcement, dur-ing questions on defence matters, brought claims from both sides of the Commons that the escalating which expenditure on Trident may cost of the programme is likky to curtail expenditure on other impor-

Mr Younger said the latest fig-Defence Ministry officials ures confirmed that Trident would

the future. Dr David Owen, leader of the So-

fall of one cent in the dollar's value cial Democratic Party (SDP) said reduces the total cost of Trident by the increasing cost of Trident would 7 per cent in real terms in the next three years.

He asked: "Can you really go on claiming that you can support the which is currently planned?

Mr Denzil Davies, Labour's detake the increased cost of Trident Mr Younger said £324m of the inget. He said costs incurred in the US were beyond the control of the Government. The eventual cost of The other £260m was caused by in- the Trident system was dependent flation, offset by savings caused by on exchange rate movements and the prices charged by US arms manufacturers.

HAND D

22

Vickers prospectus, Page 11

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INTEC INC.

Dated: March 12, 1986

### **UK NEWS**

# Vickers consortium woos its workers

terday whether or not buy any shares in Vickers Shipbuilding and Engineering (VSEL), where he works in the paint shop.

His reasons are straightforward. The yard has never made a loss and I don't reckon the bankers

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and it is waiting to examine the prospectos," said Mr Brown, aged 52. While ideologically opposed to the Trident nuclear missile submathe Trident nuclear missile subma-rine, which is expected to be built at Vickers, he is wedded to the pros-vickers, he is wedded to the pros-

mines are many control in large are many con prospectus which was launched

ernment announced its decision to would make a purchase. The chairaward the sale to the consortium in man and the secretary of the joint preference to Trafalgar House, the shop stewards committee (local industrial conglomerate.

British Shipbuilders, the state ing shares, but insist they cannot owned parent, at the end of this give investment advice to others. month with up to a further £40m The aim is for the workforce and promised in the 1990s and £92m the local population to own in committed on funding facilities for excess of 20 per cent of the equity

last year. An important feature of company's future, according to Dr a building society.

Graham Leach, the chief executive,

The consortium Graham Leach, the chief executive, is the offer of shares to the 14,500 its workforce that their status or workforce, their relatives and the

For a loan needing repayment of as little as £194 a week, the prospectus states an employee can have a £100 toan to buy 100 shares. A preferential loan scheme mentions that banks will offer flavourable in Trafalgar House much thought. terest rates to employees. There is a further inducement. All employees buying 500 shares are given annot have given us as much attention

employees was to have been 500 shares. "The offer was adjusted to take into account a fair number of employees on family income supplement (social benefit) for whom an investment of £500 was out of reach," said Mr Stephen Barrett, as lower offer. But yesterday it issued to cheef the content of the content sistant director of Lloyds Merchant a short statement: "The board has Bank which, with several other in- decided not to take any further acstitutions, has underwritten the tion."

"A lot of people could have diffi-

BY LISA WOOD MR HAROLD BROWN, leader culties taking up the share offer beof Labour-controlled Barrow-in-cause of the wages, said Mr Rus-sell Yates, aged 36, a labourer who west England, was undecided yes-takes home 685 for a 39-hour week. He has decided to take 500 shares.

"The workforce is still very much would pour £60m down the drain." in the dark about the share offer from the management consortium sue at the yard with the straighttalking but avuncular Dr Leach admitting that pay is not what it should be.

what is good for Vickers is good for Barrow," said Mr Brown, who like many of his workmates has been at Vickers all his working life.

How the management buy-out ow of the hull of a Trafalgar Class consortium sees the future of Vick-ers, and ultimately the prosperity of Barrow and Birkenhead on Mersey-side, where Cammell Laird, part of VSEL is based, was outlined in its

He admitted that many of his felesterday. low workers were playing it close to This was five days after the Gov-their chests as to whether they idustrial conglomerata. union representatives) have said The consortium is paying £60m to they are personally in favour of tak-

rident. with the company to go public in Included in the 100-page document was a trading forecast before could make money on the stock ex-interest of £15m for the year ending change was not the pre-occupation this month compared with £12.5m yesterday, with workers wanting to know more about whether their the prospectus, and indeed of the savings would be better invested in

> prospects will not be affected if they fail to buy shares. Lloyd's own

other 150 free. Those buying fewer receive 50 free.

At first, the minimum on offer to "as many shares as I can afford."

Trafalgar House, which owns the

**BBC** faces litigation over satellite broadcasting venture

BY RAYMOND SNODDY

ellite system for the corporation's gust 1982. aborted Direct Broadcasting by Sat-

en hy British Aerospace und GEC. is also named as a claimant. Unisat is the consortium set up

with Government encouragement to build DBS satellites for the BBC. It groups British Aerospace, British Telecom (BT) and GEC. But BT is playing no part in the lawsuit.

A writ and statement of claim for

to come out of licence fee revenue The claim is designed to cover the by the BBC in September 1986.

THE BBC is being sued for over costs of design, manufacture and fi-£57m by two of the companies nancing of work carried out by Uni-the BBC would pay Unisat £12m a which were to have provided a sat- set on a satellite system from Au- channel a year over seven years - a

ellite (DBS) venture.

negligence and misrepresentation. argue that the outline agreement The litigation has been undertak. This apparently refers to the date signed was not a legally binding when Unisat was informed of the contract. although United Satellites (Unisat) BBC's decision to pult out of the

project.
The BBC said yesterday: "We have received a statement of claim. It is our intention to strongly defend the case." It is believed the BBC will argue it was made clear to Unisat that any work carried out before signing a final contract £57,163,000 was served on the BBC would be at its risk.

at the end of last month.

If the BBC loses the case, the money would almost certainly have

The claim arises out of a project first announced in the House of Commons in March 1982. On March 7 1983 the BBC announced it had which, apart from the profits of signed heads of agreement with UnBBC Enterprises, is the corporation's only source of income.

Unisat is no longer a trading company. It will retain a legal existence
than a legal existence
until the litigation is complete – a

total of £168m. The BBC never The legal document also alleges signed a final agreement and will

> The BBC effectively decided in December 1983 not to go ahead alone with a DBS project because of the high financial risk, and talks then began on a joint venture involving independent television companies and other industrial and commercial organisations.

The Government insisted throughout negotiations that Unisat should be the satellite supplier.

Last June the joint venture group decided not to go ahead with DBS process that could take two years.

### PETROL TAX TEMPTATION FOR LAWSON

# Price dilemma facing oil groups

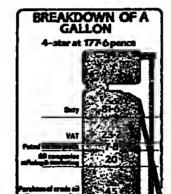
BY MAX WILKINSON, RESOURCES EDITOR

ONE OF the safest bets for next Tuesday's budget is that the chan-cellor of the Exchequer wil push up the duty on petrol by more than is needed to keep level with the infla-

This would have the double virtue of helping to compensate the Ex-chequer for the sharp reduction in its North Sea revenues and of being camouflaged by the recent falls in pump prices. To keep pace with in-flation he would need to add 5p to a gallon of four star petrol. If he increased the duty by 15 pence he would raise an extra £550m at the cost of pushing the price of a gallon of four star back up to 193p, about the same level as in October.

Probably the most persuasive argument in the Treasury is that oil companies are now making fot profits after several very lean years in their downsteam operations. This is because pump prices have not fall-en anything like as fast as the refin-ers' cost for crude oil.

So one hig question for Whitehall profitability." is whether the major oil companies would be able to absorb the Chan-cellor's increased tax take, or at least to offset it by a further easing of pump prices.



the cost of crude oil in sterling terms does not suddenly rebound.

Mr Alan Morgan, managing director of Bulldog, one of the larger independent hrands, said in the March issue of Petroleum Review: "The prospect for 1986 would appear to be for a continued downward slide in prices and

However, he also emphasised the wards non price competition when he said that the smaller petrol sta-

tartly: "What happens to the pump price at any time is the result of competitive forces in the market."

This comment reflects a rather reluctant acceptance in the industrial spot price of North Sea crude oil has fallen by 50 per cent, the Rotrestant acceptance in the industrial spot price for premium garantees which the structure when the stock and the structure results were released last month. Sir Peter said that 14 per cent was a competitive forces in the market."

This comment reflects a rather reluctant acceptance in the industrial spot price of North Sea crude oil has fallen by 50 per cent, the Rotrestant when the stock and the sto have some way to fall provided that cent, but average pump prices for doubtless endorse.

four star petrol have eased by only about 7 per cent.

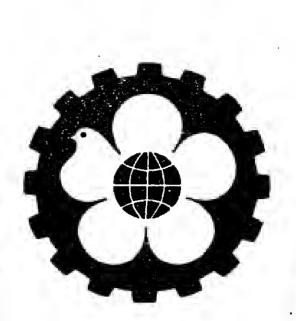
These figures strongly suggest that in spite of some tough-guy talk of competition by petrol companies, the price wars of recent years have been replaced by a general armistice if not an outright price treaty. Even the smaller petrol companies seem now to have been absorbed into a consensus that it is better to hang on to a higger margin and compete for market share by other

Out of an average price of 178p per gallon, duty accounts for 81.6p and VAT 23.2p, giving a total tax take of 104.8p. The average margin of petrol station operators is reckoned by one major oil company to be 7.8p. This leaves 65.4p for the supplier of bulk petrol. About 20p of this represents the cost of marketing and refining and the balance of 45p is left to buy crude oil and provide a return on investment.

Oil companies say that since the beginning of the year the fall in crude oil prices has reduced their costs by only 9p in a gallon, though tower crude oil prices are no doubt major trend in the petrol market to- still working their way through inventories.

Nevertheless, the benefit to refin-

tions would need to fight for their ing margins has been enough to Oil men tend to react abrasively to such questions. "Any increase in duty will have to be passed on to the motorist." said a BP spokesman. However, he added rather less and promotions may help to explain any revealed when the 1985 annual the characteristic revealed to the revealed when the 1985 annual the characteristic revealed to the revealed to th



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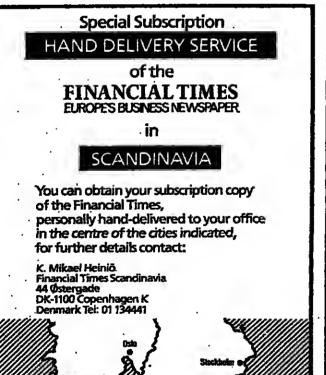
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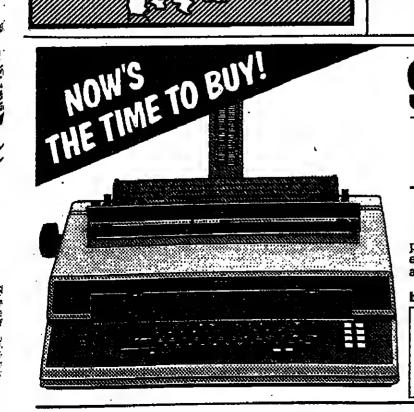
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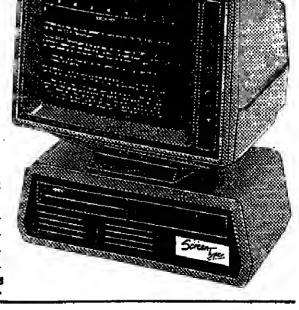
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BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THREE US companies are to be given 45 days from Monday to pro-duce initial proposals for supplying months to prove that it should be an alternative to Britain's con-troversial Nimrod early warning

attacks, are to be issued on Mooday so that proper comparisons can be to Boeing. Grumman and Lock- made. heed. The companies respectively produce the EJA advanced warning to have evaluated the US responses and control systems (Awacs) air- and to have answers from GEC by craft: the E2 Hawkeye, deployed by the end of July so that ministers the US navy; and the newly development can decide by early September oped Orion P-3C.

The new moves have been put in to huy an American alternative. hand by Mr Peter Levene, Chief of to Washington last week. Mr Le- vide for maximum "offset" arrangevene is inderstood to have told the US companies of his anxiety to receive an indication as soon as possible of how their three aircraft might meet Britain's needs, how much anti-shio missiles to Britain, which there with the property and the property of 
fence made clear that it could still tion contracts. The total work availthe failure of its GEC radar to per- than £200m. form to the RAF's satisfaction, is

GEC Avionics, makers of the ragiven a fixed price and fixed term contract to complete the Nimrod

avionics system. Tender documents, which detail
Britain's need for aircraft to give
early radar warning of low-level air
stracks are the invested on Market and the invested

> The Ministry of Defence expects whether to continue with Nimrod or

It is understood that Mr Levene Defence Procurement, after a visit has asked the US companies to prothey might cost, and how long they would take to deliver.

Last month, the Ministry of Detailed themselves as well as on other aviations. cancel Nimrod which, because of able to Britain is said to be more

Mr Levene is also believed to be more than three years late entering exploring the possibility of arrang-service and has already cost nearly sale of the US aircraft directly with their manufacturers.

# Overhaul at Post Office

THE POST OFFICE is planning to tary of the Union of Communication Workers, the largest postal union, has argued that the changes will lead to more, not less hureaucracy.

The corporation has told unions: "Progressively the businesses will take on responsibility for pay and Information given by the Post Of- productivity, grading, conditions of service, working practices, industri-al relations, internal communica-

# **Syndicates** at Lloyd's 'may be over limit'

By John Moore

TEN INSURANCE syndicates in the Lloyd's of London market may be in hreach of the market's financial limits, which are designed to ensure that insurance transactions are carried out in a prudent way

Mr Alan Lord, Lloyd's newly-appointed chief executive, said yester day that the market's authorities were holding discussions with around 10 insurance syndicates in connection with the volume of business they were underwriting.
In the last few weeks the Lloyd's

authorities have directed that one insurance syndicate, formed of more than 1,500 underwriting members, should stop trading because it had breached its financial limits. Financial limits at Lloyd's are related to the amount of capital subscribed hy individual underwriting mem bers of each syndicate.

The affected syndicate, number 800, had been hit by rising premium rates on insurance business in the aviation market.

Lloyd's revealed that it had tight ened its rules relating to underwriters trading with related interests In the wake of a series of scandals in which underwriting members finds had been diverted by profes sionals working in the market to companies which the professionals owned offshore, Lloyd's decided to ban this type of transaction.

Since the announcement of the original intention to ban related party transactions, Lloyd's has ightened the rules further. There was criticism in the market that the ransactions could still be allowed providing that they had the full anproval of the 16 working members of Lloyd's who form an executive

Because some members of the market said that working members on the committee might allow related party transactions to go through as a formality, all related party transactions which require approv al will be referred to the full 28strong ruling council of the market.

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Michael Donne on a new terminal at London's biggest airport

# Heathrow prepares for take-off

WITH only a few weeks to go before the £200m Terminal Four at London's Heathrow airport becomes operational on April 12 (although it will be formally opened by the Prince of Wales on April 1), British Airways (BA) is stepping np prepar-ations to become the biggest user of the new building.

BA has already spent some £14m

on putting equipment and facilities inside the new terminal, and an intensive staff familiarisation scheme was launched last year to ensure all 2,200 BA staff understand their roles there. Mr Colin Marshall, BA's chief ex-

ecutive, has described the move as the biggest improvement in customer service in the history of the air-line, and the biggest operational switch since Terminal One opened two decades ago.

Mr Boh Austin, BA's manager for
the new terminal says. "It has got to
be ready in time. There are 80

flights, 17,000 passengers and 2,200 staff on Day One (April 12) alone depending on it." The new terminal is designed to cater for 8m passengers a year, raising Heathrow's capacity to 38m

a year from the present 30m. BA will vacate Terminal Three in the central area, moving to the new terminal all its long-haul intercon-tinental services, including Concorde, and its short-haul Paris and Amsterdam flights. KLM of the

airport over the next 20 years. The Department of Transport bearing in mind likely growth of air travel and the possible need has appointed a team of three firms of consultants to study ways of improving road and rail surface links between central **Heathrow** London and Heathrow airport

The firms will study potential demand for traffic movement between central London and the

for the long-term future.

with Air Malta, will also move

South African Airways, at oresent in Terminal Three, will move into the space vacated by BA in Terminal One, while Sabena Belgian Airlines will move from Terminal Two to Terminal One.

But there will not be much extra room in Terminal Three once BA has left. The British Airports Authority will close down part of the terminal for a 268m refurbishing programme. Inside the new terminal, on the

south-east side of the airport, the main contractors, Taylor Woodrow, are putting the finishing touches to the building. But it is the airlines, dominated by BA, who have been preparing most vigorously for the start of operations.

Signs are going up every day over the 84 BA check-in desks in the departures concourse. TV screens giving arrival and departure informa-

Highland fails to raise £2.3m launch capital

for a fifth passenger terminal at They will suggest how demand

could be met, and give the rela-tive costs and benefits of any op-tions they propose. The study is expected to last 10 months.

are no Terminal Four flights yet. Outside the terminal, the underground station serving the link line between Hatton Cross and the central area is almost comolete.

BA's main switch-over will be on the right of April 11-12. Once the last BA aircraft has cleared Terminal Three, a corvoy of vehicles will move across the airport carrying staff and items required for handling passengers, for installation in the facilities in Terminal Four.

Services will not be interrupted. The first long-haul aircraft is nue to arrive at Terminal Four in the early hours of April 12. and staff - including ramp handlers, baggage handiers, customs and immigration personnel - will be ready to receive and handle the first outgoing snort-haul services to Paris and

BA has also been laying on tours

ing and catering personnel and air-

walk between areas they are likely to use and allowed to drive around airside to familiarise themselves with road patterns and parking facilities.

Baggage handlers, who have many new procedures to learn on modernised haggage handling equipment, began their familiarisation long ago.

They are now going through oneday courses, led by specially trained haggage-handling team leaders. Probably the most important

familiarisation will be in the final week before operations start, when the passenger handling staff undertake "dummy runs" with volunteer "passengers," drawn from BA staff.
With the help of the Airports Authority staff, the airline will organise the equivalent of two Boeing

747 Jumbo jet loads of such "pas sengers" (although there will be no aircraft), who will be issued with "tickets," and who will pass through arrival and departure procedures so as to give passenger handling staff as realistic a test as possible of how the new terminal will work.

Mr Austin is confident the opening of Terminal Four will run

smoothly. "We are on the home run now, and we'll not let the finishing line out of our sights until we have of Terminal Four for ramp handlers completed fitting out a huilding that those who look after the aircraft will be nothing short of excellent Netherlands and its associated tion are operating with details of - those who look after the aircraft will be nothing short of exc NLM City Hopper airline, together Terminal Three flights since there on the apron -, cahin services, load- for our passengers and staff."

port dispatchers. Staff are given a map, taken on a

**Mexico** By Our Aerospace

> BRITISH AEROSPACE (BAe) has signed a technical co-operation agreement with the Government of Mexico that could lead to the even-

tual collaborative production of civil aircraft between the two countries. The pact was signed recently by the UK company with the Mexican Ministries of Commerce and Industrial Development, and Communi-cations and Transport, after talks last year.

BAe signs

technical

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Under the agreement, BAe will study in conjunction with the Mexican authorities, a range of civil aviation and aerospace industry activities, with a view to finding areas of common interest on which future collaborative ventures could be

Mexico has an extensive air transport network and its two national airlines will carry more than 16m passengers this year. In addition, the country has a large general aviation sector.

British Aerospace aiready has collaborative agreements with 23 countries, and its expertise includes the transfer of technology in manufacturing as well as support and training activities.

With its wide range of short-haul aircraft, BAe is well suited to advise Mexico on internal as well as international air transport.

 Mr Ralph Robins, managing director of Rolls-Royce, has been appointed chairman of International Aero-Engines (IAE), the five-nation consortium building the V-2500 aero-engine for the A-320 European Airbus, He succeeds Mr Arthur Wegner, president of Pratt & Whitney, the aero-engine division of Un-ited Technologies, which is also a major shareholder in IAE.

THE WORLD VALUE

change its organisation as part of a complete overhaul of its services. Last month it announced steps to restructure its core operations into

three businesses - letters, parcels and counter services. fice corporation to its unions shows that it has advanced plans for overhauling its entire organisation. It is tions, resourcing, contracts of emlikely to face union opposition, bow- ployment and other employee relaever. Mr Alan Tuffin, general secretions matters."

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THE FUTURE of Highland Express Airways, which planned to offer cheap Hights from Scotland to North America, has been

BY ALICE RAWSTHORN

thrown into doubt after its fail-ure to raise £2.3m in launch capital through the Business Expan-Highland Express launched a

me in February to raise capital for a cut price, no frills service from Prestwick in Scotland to Turonto and New York. The airline was to be modelled on Virgin Atlantic which its founder, Mr Bandolph Fields, the US lawyer, belped to lannch with Mr Richard Branson, Virgin's chairman, two years ago.

The Business Expansion Scheme, which gives generous tax relief to investors in certain unlisted companies, succeeded in raising £1.8m by its deadline, thus falling £500,000 short of the target sum needed to launch the

When issues such as this fail, the general procedure is to ex-tend the deadline. But Highland Express's first flight was sched-

uled for June, and the process of marketing an airline and securing licences is so time consuming that extending the deadline was impracticable.

According to Ms Elizabeth Morton, director of corporate services at Parsons, the Glasgow stockhrokers which sponsored the issue, Mr Fields is now trying to raise capital from private

The £1.8m which has already been committed to the issue will now be returned to investors, en-

Over recent weeks an unprecedented number of Business Ex-pansion Schemes have rushed on

abling them to invest in another

Business Expansion Scheme be-fore the end of the present fiscal

to the market. Estimates suggest that the available issues are asking investors for just under £105m, which almost equals the £126m raised in the whole of the last taxation year. Highland Express is the latest in a long line of unsuccessful issues to fail in a saturated marketplace.

# Rutherford plan to build £10m Star Wars laser

BY DAVID FISHLOCK, SCIENCE EDITOR

£10m ultra-high-powered laser fa-cility for the US Star Wars (SDI) re-Sprite has been developed by the search programme, to study the et. Rutherford's central laser facility fects of laser beam weapons on directed by Dr Mike Key, which op space targets.

The proposal, from one of the tory serving the experimental world's foremost laser research needs of about 150 British universiteams at the Rutherford Appleton ty scientists. Laboratory at Chilton near Oxford, has been put to the Strategic De-fence Initiative Organisation in reaction is triggered by an intense

and acting deputy director of the SDI, who visited the British team last month, is strongly backing the UK proposal for a facility with more than 10 times the "lethality" of any laser beam available today.

This facility would be tailored specifically to the needs of the SDI programme and funded from its di- hullt in Britain - at the Rutherford rected energy weapons programme. or Aldermaston laboratories - or at

The Rutherford team is already participating in studies of the effects of laser radiation on materials and electronics, funded by the Los Alamos National Laboratory in New Mexico and the Atomic Weapons Research Establishment, Aldermaston, west of London.

These studies use Sprite, believed to be the world's most powerful ver-sion of a new type of laser called

The excimer laser converts a owerful electron beam into inten-tive ultraviolet radiation at a much nigher efficiency than other kinds thorty disclosed that it had nego-flaser. powerful electron beam into intenhigher efficiency than other kinds of laser.

BRITAIN is negotiating to build a ranges, as great as thousands of

erates primarily as a laser labora-

washington. The Gerald Yonas, chief scientist releasing a burst of laser radiation. Dr Key's team has proposed a further development called Super-sprite, consisting essentially of 10

The heart of Sprite is a steel ves

modules the size of Sprite. Supersprite would be more than 10 times as powerful, however, because of the high repetition rate of its pulses of radiation. It could be

a US SDf research centre such as Los Alamos. As the main engineering centre of the Science and Engineering Re-search Council, the Rutherford is accustomed to tackling the design and construction of large research

instruments. Supersprite has the approval of the Rutherford management, which has been encouraged by the council itself to devote up to 10 per cent of

its activity to contract work, paid for at a full commercial rate.

tiated a contract to work with Los ft is seen as a potential ground- Alamos on the design of another exhased weapon system for attacking perimental beam weapon system nuclear missiles and warheads at called Draconis.

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# To suppress public discussion is crazy...

Normally this column con-cerns itself with programmes which are readily available to ererybody. Today it is devoted to two programmes, one BBC and one ITV, which have been

of avoiding suffering, both are on subjects which have been pusillanimously avoided by the mass media as a whole, both were produced by experienced

were produced by experienced and highly respected programme mskers. Yet the first has now been banned entirely and the second. which was made specifically for a daytime audience, is to be buried away in a late night slot.

It is sadly ironic that at the very time when Mary Whitebouse's Bill, tightening up state control over the broadcasters and extending provisions to stop us making our own viewing choices, is being pushed through Parliament by Winston Churchill, MP, these two programmes bave come to grief under the existing regulations hecause of their sexual content. hecause of their sexual content. It is bard to avoid the feeling that the BBC and the IBA are gagging and muffling some of their best producers out of

sbeer funk. The record of the broadcasting authorities in fighting for freedom of expression for their programme makers bas slways flees in fear and been poor, but their behaviour over these two programmes is pathetic: the merest bint of Whitehouse grapeshot and not a single bead is to be seen above the parapet in Portland Place or Brompton Road.

The programmes in question are an episode of BBC-2's Horizon which endeavours to throw light upon the spread of AIDS by investigating sexual habits and stitudes among homosexual men; and an episode in the Thames series Someone To Tnlk To which presents s case study of incest and publicises the work of the Incest Crisis Line. Having managed (with not a little difficulty in the case of Horizon) to see both programmes I can report that neither could pos-slbly be described, even by the most prudish, as sensational or exploitative,

Ciulei has repeated the Bis-

Indeed, both programmes in my view would beoefit from being more explicit, AIDS being a phenomenon which is spreading fear and alarm almost entirely because of importance and tirely because of ignorance, and and one ITV, which have been pulled out of the schedules before transmission.

Both are exceptinoally serious, both are designed to spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the hope of available and the spread knowledge in the 50 per cent-affects one child

One is driven to wondering just what sort c/ a daft broad-casting system we have constructed for ourselves which encourages us all to watch pain being inflicted with such dread-ful frequency (people heing hit in the face, kicked in the groin, shot, stabbed, tortured, disembowelled, decspitated) but which flees in fear and trembling from the sight of a man dar-ing to talk contelevision about homosexual practices. Practices which, whatever the prudes and

What sort of a daft broadcasting system have we constructed for ourselves which encourages us to watch pain being inflicted with dreadful frequency, but which trembling from the sight of a man daring to talk on television about homosexual practices?

prodnoses may feel about them, are indulged for the mutual pleasure of the participants, nften as an expression of love. No doubt the reason for the BBC's desperate cowardice over Horizon is that the programme goes into such matters as cot-taging and anal sex. It even mentions sado-masochism, cop-rophilia and urolagnia (which, sensibly enough, are described, albelt briefly, in words more familiar to the average viewer). But if somebody does not start soon to say publicly just which practices do and which do not might not want granny in the cary a high risk of spreading room for some of the questions

Frank Lipsius

reflect Clulei's accommodation

to an extraordinary Hamlet, played by Kevin Kline. Kline is

carving a niche for bimself as

America's pre-eminent Shake-spearean actor. Joseph Papp, who runs the Public Theatre,

keeps him supplied with major

rôles in outstanding outdoor summertime productions in Cen-

ence. He is not racked with

indecision, just shocked at what

others would do. Toward Rosencrantz and Guildenstern be shows open score, never seeming to lay traps, but getting to the beart of problems.

the Arena Stage version he has influenza.

ADS, then Britain will find itself faced with an epidemic of American proportions. To sup-press public discussion is crazy. The programme was made by Fisher Dikke whose previous work for Horizon includes "Prowork for Horizon includes "Pro-fessor Hawking's Universe." the memorable film shout the brilliant Cambridge physicist Stephen Hawking, who lives in a wheelchair. It is worth quot-ing part of Dilke's introduction to the AIDS programme because it encapsulates the vital reasons for making it:

"Since 1982 Britain has beeo faced with a public bealth problem of particu-larly massive proportions. The AIDS virus is all the more difficult to contain because it has chosen 90 per cent of its victims from a group of people who are not generally accepted by the rest of society; homosexual men. rest of society: nomosexual men. Even less is known about the lives of homosexual men in Britain than shout the AIDS virus itself, yet the babits and fears of gay men have more to do with the immediate spread of AIDS than only other feators.

than any other factor.

"This ignorance of homosexual tifestyles and the general unwillingness of most people to talk openly and honestly about sexual matters may be the reasons wby, even now, three years into the epidemic, there is still no large scale government pro-gramme of public bealth education designed to tell gay men how to make their sex lives safe. When that programme starts it will have to go into intimate details of homosexual sex, and to reach everybody at risk it must be mounted on such a scale that everyone else, whether they like it or not, will be informed as well. In this film gay men talk frackly about their sexual lives and whether they have been affected by the first three years of AIDS."

And that—and only that—

And that— and only that— what follows: frank talk. Not only is there no film of homo-sexual practices, there is not so much as a still picture or a diagram; merely men answer-ing questions. Some viewers

Harriet Harris is a stately, pink-cheeked Opbella wbo

sbares Hamlet's sloofness, but

loses ber love by letting herself

place as though at a Victorian

affection, admiration, and insights into the American

Fischer-Dieskau

cancels recital

be used as a spy on him. The final confrontation takes

(though she is presumably old enough to take throat-cutting sand crucifixion). "Just bow do you do anal sex in a public lavatory?" is not the kind of question you bear every night.

But it is exactly the sort of question which must be answered if we are to undergrand.

question which must be answered if we are to understand how this disease is transmitted. At least, I think it is; even this programme with its relative frankness does not really tell you "who does what and with what and to woom," which is what we really need to know. For that you still have to go to Krafft Ebing or John Lahr's astonishingly explicit Penguin the Incest Crisis Line.
The description of actual

presents a case study of incest and publicises the work of the Incest Crisis Line. I can report that the programme could not possibly be described, even by the most prudish, as sensational or exploitative.

outlook, which sees the programme as unsuitable for small children, should prevail over the views of all the child psychiatrists and mental health experts who have been consul-ted and who say that "younger children would understand little and older children would find it

of value." Someone To Talk To was organised as a series of four case studies (the other subjects being alcoholism, seelle dementla and drug addiction), and then a fifth programme for discussion. They were planned detiberately by producer Diana Potter and presenter Dr Dick scarred by incest and their Thompson, the associate directorothers killed by AIDS.

describes how ber uncle started an incestuous relationship with her when she was five years 13. Then Richard Johnson des-cribes the services provided by

incest is so cophemistic that it is impossible to believe anyto Krafft Ebing or John Labr's astonishingly explicit Penguin blography of the playwright Joe Orton, Prick Up Your Ears.

10 one sense there is less controversy about the PTV programme. Both Thames Television management and the IBA agree with the programme makers that it should be shown. However the IBA people are insisting that their layman's description by Kristina of a moment when she raised her own bahy above her bead as though to fling it to the ground which, she declares, she did not do. hody younger than 10 or so would understand it. Asked on

To see the IBA pushing this To see the IRA pushing this programme away with such a deeply caring expression for the tiny tots. lest their sensibilities be assailed by this sentence, is of course a most touching sight. It does, however, make you wonder whether they and we sre all right round the beod. Do they really expect us to believe that The A-Tenm with its loatbesomely vivid depiction of endless violence is jolly good kiddies' fare whereas a womso talking about thinking about dropping a baby is reason for weeding a programme out?

While television confinues with its barrage of violence — the knee in the stomach, the broken bottle in the face, the garottings and machine gun-nings, alt in the name of entertainment — we are told that two serious and important social programmes have been pulled from the schedules be-cause they might offeod some viewers, and could distress a minority. Perbaps that minority should be warned that one day they may find themselves ever

# Blood, Sweat and Tears/Tricycle

### Michael Coveney

for Hull Truck in this fine new piece from John Godber and his tough springy company. In-spired by Hull's own world judo champion, Karen Briggs, the action is set in a small club, and patent physical abundance on Up 'N Under is the marriage of Godber's sporting instincts to the quieter, lyrical style of his more personal, nostalgic work. the action is set in a small cluth, whose star player, Andy (Steven Brough), has been four times champion of Humberside, three times of Yorksbire, with the European title beckoning. The Addressing the new up-market self-defence group. Sarah states that, in Hull in 1984, there were 58 reported club's overall record is good, cases of rape, 340 of assaults but the council is shifting its support to Alderman Clough's

As the membership slips, two local waitresses turn up for a giggle at the self-defence class. One, Louise (Jane Clifford), persists and is wearing s yellow belt by the interval. Her friend Micbelle (Gillian Tompkins, making an assured pro-fessional debut) graphically imagines trapping Richard Gere on the bouncy Geemat. The friends fall out: Louise's athletic prowess develops from athleuc prowess develops from resentment at leers and touchups; Michelle's response is to go npmarket to an Italian restsurant and wear lscey cocktail skirts—not surprisingly, she ends "upstick," in the wrong sort of club.

Sports Centre where the showers, it is rumoured, will be

It is a mark of the plsy's cunning that while it is drawn in broad strokes of characterisation interspersed with violent bouts of convincing judo training, it is never patronising or simplistic. The girls first of all pose a threst to Andy's lover, their old school chum Sarah (Liza Sadovy). But Sarah, s policewoman who executes an impressive stomach throw, is a sporting widow before her time,

Just when the show threatens to weaken into cliche, it is jelted back into pulsating visceral life, leading to a ferocious contest at the black helt gradings event for women which has displaced any interest Andy's international career. As

It is back to the sporting life on the first Up 'N Under, the sport comes slive on a tiny space in a populist and irresistible through ingenious choreography through ingenious choreography and patent physical ability. The scale, Hull Truck has successin a populist and Irresistible thestre work, albeit on a small-scale, Hull Truck has successible blands and accession. fully blended society's concern at such statistics, and bow women might start to fight back, with a blazing celebration of the gentle art of judo itself.

Jane Clifford is outstandingly good as the cocky pop-eyed street urchin who stays to find both her voice and her voca-



Liza Sadovy and Jane Clifford

### Hamlet/Public Theatre, New York City Griselidis/Opéra du Rhin

### Andrew Clark

The Hamlet that Liviu Clulei put on at Washington's Arena for the Intrigues of the Production was enacted on the production ramperts of a beselged castle.

The Hamlet at the Public Theatre the king as a man learning the kin

than a ceotury.

A product of the composer's mature years, Griselidis cannot claim to be blue-chip Massenet, although it does have enough surface attraction to provide an undemanding evening's opera, as Wexford discovered some garden party, white wicker chairs strewn around in the duel between Hamlet and as wextord discovered some years sgo. Like Thais, it leaves one wondering how far his prudish view of life and morality affected his developtral Park.

Kline makes familiar lices the hlack gloves and bigh fresb. He delivers them with leather boots of a Nazi uniform. cadences that sound perfectly natural, but new. He speaks "To be or not to be" staring not at, but through the audi-René Terrasson and conducted by Claude Schnitzler, does not quite succeed. In his contrived search for effect, Terrasson lurches from sentimeotality to something bordering on farce.
The colourful but earthbound decor by Daniel Ogier, and Terrasson's decision to clothe the action in the costumes and Ciulei surrounds Hamlet with foils for his virtue. Harris Yulin is Claudius, weighed down in leaden pomposity. Compared den recital this Sunday because manners of Massenet's lifetime. make the opera appear more dated than need be. In spite of some good ideas (such as

the incorporation of contem-

more distressed and offended when their graodchildreo sre

folies bergères. The standard of acting among the rest of the cast was basic; many of the laughs came unintended. The Orchestre Symphonique du Rhin-Mulhouse relished the swelting tutti hut was sbort on delicacy.

The most engaging performance came from Tibère Raffali, a Corsican tenor who was heard last season at Leeds. ment as a theatre composer. His handling of Alain's lyri-This production, staged by cally-charged outpourings over Griselidis: Hélène Garetti, stout and oh-so-conventional, lacked the visual and vocal charisma for a role offering plenty of poteotial for the right slarger. It was bard to recognise here the figure whose almost biblical charisma for a role offering plenty of poteotial for the right slarger. It was bard to recognise here the figure whose

# Matthew, Mark, Luke and Charlie/Latchmere

### **Martin Hoyle**

I must confess to puzzlement check shirt, and his script-at Robert Gillespie's beady-eyed writer Luke confer with wim-comedy at the comfortable little Latchmere pub theatre in idiotic and beamingly comremotest Battersea. It sets up a mouth-watering gathering of the crass and the fatuous and, after some promisiog jokes, leaves us famisbed for rbyme,

is marvellously evocative of

executive London

plaisant, tended by Charlie, an unflappable if slightly gormless

reason and development.

The spacious design of Andrew Feest and Susan Platt

The spacious design of Andrew Feest and Susan Platt

the natives offer any resistance.

blestingly reminds us that the hero is English. He exists to be ignored, lumiliated (in a playful rough-house to entertain the writer's 12-year-old) or (fcmale) secretary.

Two Americans, two Brits. If
Mr Gillespie's aim is to show
the former as the new

his compatriot, could obviously get his teeth into something funnier or more savage than the etic 20-minute monologue John, an American film fied. Possibly the owner of the when he creates a film-story redirector in poncho, stetson and property that the Americans plete with corn and cliche.

want to film, he occasionally

### Rodrigo Festival/Elizabeth Hall

### Paul Driver

the last movement of bis Homecloated authors and composers works to be heard was a nojes suite, this one a bomsge (Noel trom Chaucer to Bizet, and whom Massenet iovested with his own brand of period charm.

The third of four concerts in composed intermittently be-a series devoted to the music of tween 1923 and 1957, sup-the 85-year-old 5panish composedly evoking the seasonal ear was necessarily dumb-poser Joaquin Rodrigo was changes of a garden. The tiny founded by a succession of changes of a garden. The tiny founded by a succession of prelude, with its dalnty thinin-pieces—the 1963 Canticos nup-nabulations, and the first of ciales, performed with eloquent nabulations, and the first of four berceuses, with its duliness by ladies of The continuously held, throbbing string chord seeming to convey the beat of summer — but I de estio, given with the comde estio, given with the comcan't be absolutely sure which poser's son-in-law Agustin Leon berceuse was which season — Ara as somewhat over-insistent wield in soloist; the leaden setting fulla's Pedrelliona (1938), of Unamuno, Musica pora un códice salmantino for solo bsss (Noel Mann), choir and instruments—so tame, tidy and cheap as to be virtually devoid of in-

### **Perhaps** the bravest man lever knew...'

**Kevin Kline** 





Six-foot-four Sergeant Tray' G\*t\*r\*e, DCM, was partiags the bravest man his Colonal ever knew.

But now, after seeing service in Aden, after being booky-trapped and ambusted in Northern Ireland, Sergeant Tray' cannot bear to turn a corner, for fear of what is on the other side.

It is the bravest men and women from the Services that suffer most from mental breakdown. For they have bried, each one of them, to give more, much more, than they could in the service of our Country.

We look after these brave ment and women. We help them at home, and in hospital. We run our own Convatescent Home and, for those who are homeless and carnot look after themselves in the community, our Hossel gives permanent accommodation. For others there is our Veterans' Home where they can see out their days in peace.

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# Arts Guide

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# pears each Friday.

### and overblown idea of theatricality.

TOKYO Kabuki (Kabuki-za): Morning and evening performances leature main-

Theatre

ly younger stars in a miscellany of iy younger stars in a misceitany on dances and popular short plays. Tamasahuro Takao also appears. Excellent English programme notes and earphone commentary. Kabuki-za Theatre, near Ginza. (5413131). Takarazuka All-Girls Revue. This phenomenon, the antithesis of Ka-buki where all the roles are played

by girls but with typical Japanese by girls but with typical Japanese innocence and earnestness, is a must for visitors. Takarazuka perform elaborately staged and skilled musical adaptations of both Japanese innocency and process of the 
nese and Western plays - also revues and standard musicals.

Highly improbable plots are more than compensated for by spectacular stagings and casts. Detailed English summaries in the programme - in case the original story is alread beautiful accompility. The main hotels. Afternoon and evening performances. (591 1711).

### WASHINGTON

The Wild Duck (Kreeger): Romanian director Lucian Pintilie follows his production of Tartuffe with the Ibsen classic, again using the stun-ning set and costumes of Radu and Miruna Boruzescu. Arena Stage (488 3300).

### **NEW YORK**

with a management of the contract of the contr

# dy music is visually startling and choreographically feline, but classic only in the sense of a rather staid

(239 6282). 42nd Street (Majestic): An immodest celebration of the beyday of Broad-way in the '30s incorporates gems

from the original film like Shuffle
Off To Buffalo with the appropriately brash and leggy hoofing by a
large chorus line. (977 9020).

Brighton Beach Memoirs (45th St):
The first instalment of Neil Simon's mix of memories and jokes focuses

on a Depression-era Jewish house-hold where young Eugene falls awk-wardly in love with bis cousin. (221 1211). (2211211).
Chous Line (Shubert): The longestrunning musical ever in America
bas not only supported Joseph
Papp's Public Theater for eight
yeers but also updated the musical
genre with its backstage story in
which the songs are used as auditions rather than emotions.
(239 6260).

tions rather than emotions. (239 6200).

a Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious critical between high lichians.

ious original between high-kicking and gaudy chorus numbers. (7572626). (1312226).

Pm Not Rappapert (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just hickering with each other. (239 6200).

Cats (Winter Gardso): Still a sellout.

Trevor Nunn's production of T. S.

Ellot's children's poetry set to trensic rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (2460220).

### LONDON

The Scarlet Pimpernel (Her Ma-jesty's): Donald Sinden in resplen-dent plumy-voiced form as Baron-ess Occay's nne-man resistance movement to the French Revolution. Opera director Nicholas Hyt-ner's efficient and sparkish production bas smoke, tumbrils, rat stew and rolling heads. (9304025).

As You Like It (Barbican): Much im-proved since last year's Stratford-upon-Avon season, Adrian Noble's sely Edwardian production now emerges as a secret-garden adven-ture where Rosalind (Juliet Stevenemerges as secret-garden adven-ture where Rosalind (Juliet Steven-son) has the sisterty devotion of Cel-ia (Fiona Shaw) threatened by Or-lando (Hilton McRae). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also in-cludes a line Othello with Ben Kingsley and, in The Pit, Christo-pher Hampton's absolutely breath-taking, unmissable version of Les Liaisous Dangereuses (828 8785).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act Michael Blakemore's hrilliant direction of back-stage shenanigans on tour with a third-rate farce is a key factor.

tarlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-ing folly has 10 minutes of Spielberg ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods to-

# wards rock, country and hot gospel. No child is known to have asked for

his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza bas been rapturously received.

Mar 7-Mar 13

been 1 (835 8168). (839 8108).

arnum (Victoria Palace): Michael
Crawford with his breathtaking performance as the circus impresario. adding one or two new tricks in a likeable meringue of a musical (8341317, credit cards 8284735).

Guys and Dells (Prince of Wales): The 1982 National Theatre production. Richard Eyre's production and John Gunter's affectionately lavish designs comptement this most joyful and literate of musicals, a fitting tribute to the recently deceased of librettist Abe Burrows (930 8681).

Intrettist Abe Eurrows (830 8581).

Threh Song Trilogy (Albery): Antony
Sher plays Harvey Fierstein's fourhour triptych of the life and loves of
a drag queen fighting for emotional
and domestic stability. Truthful
playing has the effect of cruelly exposing Fierstein's tackily uneven
writing (838 3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Lowe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Borbert designs (437 2888) lyn Herbert designs. (437 3686).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGanital Lannon look-and-accordance.

# Saleroom/Antony Thorncroft Eastern art out of favour

# Sotheby's yesterday.

It had been bought from a monastery in Nepal in 1961 for very little: in those days the Himalayan kingdom had not yet been commercialised by hippies and drug dealers.

Even so, the price for a rare and finely modelled Buddhist figure was below the low estimate, indicating the selectivity of demand for Tiberes of demand for Tibetan. Nepalese, Indian and South East Asian art. The three-session total was £235.840, but with 29.5 per cent unsold. Sotheby's had a good auction last summer in London. and another in New York. These seem to have ex-hausted demand from dealers.

the main buyers. Apart from the Buddhist figure, there was nothing in the auctino of outstanding quality and, as in many fine art markets in the past year, it is only items of the first rank which command high prices.

A copper gilt figure of the Bodhisattva Padmapani, a foot figure made in Nepal group of 737 AD, and £4,950 for an early Jain bronze fround 1300, sold for £9,900 at (well below the estimate) for a large Deccan painted cotton cloth depicting Krishna and the Gopis, of around 1800. Basically this is a sector where London acts as an entrepot for overseas buyers. Phillips made £112,460 fram

Phillips made £112,460 frnm an auction of Victorian pictures, with 23 per cent unsold. The top lot wss "Shipping off a coastline" by Henry Redmore, painted in 1867 and depicting sailing boats in a choppy sea. It sold for £11,000, at its top estisold for £11,000, at its top estimate. A buoting sceoe by Frank P.

A buoting sceee by Frank P. Freyburg. assisted by Ernest Pile Bucknall. "A refuge in distress," showing a fux up a tree with the bounds baylog around the trunk, beat its forecast at £8.600, and an 1882 portrait of s nretty girl by Archibald Wurtley sold at the top estimate of £5.720. Another portrsit. "L'Innamorata." a young lady gazing soulfully out to sea, painted by Henry Nelson O'Neil in the 1850s, almost daubled its farecast at £4.400.

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which command high prices.

Tibetan bronzes of the 18th century were a weak sector, with most lots going for around their low estimate. Metalwork and textiles were also disappointing, hut Gandharan sculpture did well, and so did jade. The new auction market in Mogbul sculpture was quite encouraging: a West Indisn white marble stele depicting a female musician of around 1800 was nn target at £2,750.

Henry Nelson O'Neil in the cast at £4.400.

Sotheby's is showing its more charitable side by srranging a private treaty sale to keep the oldest Book of Hours associated with Scotland in that country. The National Library of Scotland, with the support of the National Arts Collections Fund. must raise £500,000 to keep the early 14th-ceotury Murthly Hours in Scotland,

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m to come much some plat. However, Luminian -:



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# FINANCIALTIMES

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Wednesday March 12 1986

an ingrained attitude, because of the vested interests of

of the vested interests of America's vast legal profession, and because product Hability cases tend to he brought under state, rather than federal laws. While quick fixes are hard to prescribe, a number of changes are needed to roll that ide of histoinances.

as negligent and charges him damages, to one that compen-sates people who have suffered misfortune by charging damages

to anyone, somehow involved, who seems able to pay. Courts

and juries need to remember that while this may seem a

compassionate system in indivi-

dnal cases, it cannot be sus-tained if applied generally.

The contingency fee system, wherehy clients pay lawyers a percentage of damages only if they win their case, is un-

deniably a driving force behind

the whole product liability problem. State legislators should

costs even if the case against bim is rejected. If courts were

cessful plaintiff It would dis-

courage speculative litigation. State governments could further

dampen the habit by developing systems for pre-trial arbitration

serve the wealth-creating powers

# An excess of litigation

UNTIL recently American liti-giousness was a trait that raised eyehrows in Europe but did not eyehrows in Europe but did not merit much comment there. It was as alien as American foot-tackle because it derives from was as alien as American foot-ball is to rugby and it reflected some of the same differences in attitude—the desire in the US for precise analysis and adjudi-cation, the readiness to com-mercialise, the rejection of such precepts as "it just isn't done."

are hard to solve a number of changes are needed to roll that ide of litigiousness back a little-changes that judges, jurors nad street to tackle large corporations that bave wronged him. It acts, too, as e non-bureaucratic regulatory machine, making industry much more warm-ploiting the regulatory machine, making industry much more wary of exploiting the consumer or of selling him defective or dangerous

products.
Recently, however, the babit bas developed into a disease which threatens to sap the economic vitality of the US and which is beginning to affect other countries as well. The American legal system has become such a soft touch that insurance cover against its damage awards is drying up. Doctors are limiting the types of service they dare provide. Companies are withdrawing products from the market for the same reason, and are deterred from develop-

and are deterred from developing new ones. National parks and ski resorts are restricting access and activities.

Insurance

In Europe, governments—and particularly the British Government—have been trying of late to discourage their electorates from believing that the state big is rejected. If courts were from believing that the state bim is rejected. If courts were can provide and can shelter able to use more discretion in people from all adversity, risk charging all costs to an unsucand danger. They bave come to regard this belief es one of the components of economic "Eurosclerosis," Litigiousness may well be emerging as the systems for pre-trial arhitration. US version of this maledy: people expect the courts to provide and entrepreneurs are demoralised, not by taxes and bureancrats, but by the prospect of legal fees, punitive damages and lawyers.

The rest of the world is beginning to be directly affected by this because the cost of insurance cover for imported products is rising too.

In product liability complsints. There is already a ground-well of concern in the US ebout the hallooning of commercial liability awards and these are some of the channels into which it will prohably uow. The object of the adjustments should not be to emulate six of insurance cover for sively difficult for the average imported products is rising too.

imported products is rising too. Individual to invoke the pro-Litigiousness is thus evolving cesses of the law against powerinto a subtle sort of American ful defendants. It is to prenon-tariff barrier.

In addition, as the commer- of the American system, which cial and financial world cannot be expected to deliver becomes increasingly integrated, innovation or consumer choice there is a tendency for habits unless a degree of caveat emptor born of litigiousness to infiltrate is considered allowable.

ODAY IS the day of reckooing in the international tin crisis for the London Metal Exchange. The world's biggest and oldest metals market has demanded that trading companies who did business in tin pay their hills by noon.

Them is every sign that

There is every sign that almost all of them will, remov-ing the threat of immediate hankruptcies. But with legal writs flying across the exchange that will hardly be an end to the mot serious crisis in the LME's 107-year-old history.

The LME will carry on paying for years to come for its involvement with the International Tin Council, the inter-government price pact which ran out of money in October owing some £300m to hanks and metal traders.

And while the exchange bears the brunt, the impact of the tin council's default is spreading far beyond the shell-shocked far beyond the shell-shocked trading ring at Plantation House. Banks which lent money to the ITC still have to extricate themselves. The world tin industry must adjust to a sudden collapse in prices. The value of other commodity pacts is being questioned and the ITCs 22-member governments, including the UK, face intense criticism over their role in the council. Tha City of London must cope with the crisis just as it is trying to get over the Johnson Matthey Bankers affair and adapt to a revolution in the and adapt to a revolution in the regulation of its markets. These legal battles have already reached the courts.

Matters were brought to a head by last week's failure of efforts to refinance the ITC with money from banks, brokers and member governments.

The rescue plan was designed to finance the sale of the council's 85,000 tonnes stockpile, but foundered on opposition from Indonesia and Thailand, which claimed that the plan was too When the creditors' patience

ran out last Thursday, the LME authorities decided to limit the damage to trudes with ITC con-tracts by organising a "ring-out," a fixed tin price of £6,250 a tone on outstanding con-tracts, to be paid by noon today. This compares with a price of £8,140 a tonne when trading was suspended on Octo-ber 24 and a catastrophic £4,000 a tonne price the IME feared an unregulated reopening of the tin market would cause.

The exchange's ruling will have the effect of spresding the losses of the 24 traders with ITC contracts to other traders and to LME clients, With a fixed settlement price the 24 brokers face a £180m loss, £140m of it shared among

loss, £140m of it shared among
13 LME ring-dealing (full)
membera. Further losses will
hit those who end up bolding
tin stocks when LME contracts
are settled. The size of these
will depend on bow far free
market tin prices fall below the In prices do fall to \$4,000 a tonne, there will be an additional loss of some £130m. Eight of the group of 24 traders, who bad special financing deals with the council would about traders are allowed with the council would about traders.

The SIB would also like to will see people quiety packing up and going," said one trader, size of the trading positions traders and clients are allowed with the council would about traders. with the council, would share a £60m loss. A further £70m would be spreed among other traders and customers, includ-ing mining companies which bad sold their tin forward on the market to try to protect against price fluctuations. The total loss by the trade is then £310m. As a senior broker said: "Just because you spread

International tin crisis

# Paying the price of the market's collapse

By Stefan Wagstyl

COMPARISON OF OPERATING COSTS OF WESTERN WORLD TIN Gravel pumping MALAYSIA INDONESIA THAILAND ЦK £7,500 Dredging MALAYSIA INDONESIA THAILAND AUSTRALIA ESTIMATED ANNUAL **OUTPUT 1985** INDONESIA THAILAND SMUGGLED

value. They accuse the board and committee of making np

member, which together with its New York parent company, Shearson Lehman Brothers, is suing the exchange over its The suits will not stop today's

ring out, but they mean that the LME will have to fight its case for months to come.

The crisis has badly weakened the LME. The 25 surwiving ring dealing companies, with an average net worth of under £10m, will take years to recover from their tin market losses and from the effects of the slump in trade in other metals over the five months since October.

So far only one company— MMC Metals, a subsidiary of the state-controlled Malaysia Mining Corporation—has gone into liquidation. But the crisis also hastened the break-up of Canadian-owned Rudolf Wolff, one of the LME's founder mem-

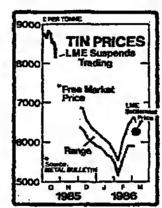
A sudden spate of bankruptcies is not expected. But traders may close down, back or merge, Some multi-national groups which own most traders may rethink their long-term plans; but mining companies like Noranda (Wolff's parent) are more likely to pull out than financial houses like Shearsons or Drexel Burnham Lambert. You

speed up changes in the membership. Even before the tin crisis,

the LME authorities were under pressure to change, both from some member companies and from the Securities and Investthe losses around they don't go ments Board, the agency with the fixed price settlebeing established to oversee become apparent earlier. The ment has not pleased everyone. Some brokers argue that a fixed are now becoming overwhelm-

settlement price was wrong and ing. Mr Mike Metcalfe, a that ITC contracts should have director of LME member heen honoured at their full face. Holco Trading and of its parent company E. D. and F. Man, says: "The exchange has gor rules after the event. to get itself into the 20th cen-One of these is Shearson tury, even if it only beats the Lehman Metals, a ring-dealing end of the century by a short

> At the SIB, which will ultimately have to approve the LME's rules, the feeling is that the exchange needs to follow other London exchanges and virtually every other commodi-ties market in the world in setting up a clearing house. At present ring-dealing members deal directly with each other as principals. In a clearing bouse everybody



through a settlement company, which is meant to prevent the collapse of one trader from bringing down others.

from its clients, or to require edvance deposits from them.

LME officials argue that such changes would not have preven-ted the tin crisis, though they admit that the scale of the

the 14 hanks which lent some from the crisis relatively unscathed. They should cope easily with the losses—£100m if they have to sell the tin they hold as collateral at £4.000 a tonne. But as Sir Adam Ridley, a director of Hambros Bank and a spokesman for the lending hanks, told a Honse of Commons Select Committee, the experience will teach hanks to he more cantions about lending to governments and to international organisations.

Sir Adam's chief concern is to renege on their loans.

production and consumption. Not only does the market bave to live without the tin council's support scheme, but it has to absorb the tin stockpiled by the council and by the mines—some 100,000 tonnes in all, or about eight months' of Western consumption, running at 160,000 tonnes annually. With secondary market prices

bovering around £5,000 a tome, production is already being reduced, though the cuts are falling very unevenly. The ending of ITC export quotes, this month, which in the past bave cut output by 40 per cent in member countries, leaves producers free to concentrate on their best and lowest-

second largest tin mining com-pany, Aherfoyle, has closed one mine and could shut the other. But the price collepse will bave traders and more financial exchanges, including the LME's hit Renison Consolidated Gold-little overall effect in demand of the content of for them. I'd love to go to speed up changes in the be asked to demand the same reduce unit costs.

hit Renison Consolidated Gold-little overall effect in demand of for them. I'd love to go to for them. I'd love to go to group Consolidated Goldfields, most products in which it is heathrow and seize a Guruda is planing to expand output to be asked to demand the same reduce unit costs.

hit Renison Consolidated Gold-little overall effect in demand for them. I'd love to go to most products in which it is heathrow and seize a Guruda is planing to expand output to be value of tin in timplate, the jet."

industry's future looks gloomy, cent. with costs well above merket prices. But in Brazil, the world's cheapest producer which exchanges producer which exchanges and consumers chance to test the change producer to test the change of the consumers chance to test the change of the ing to join the ITC, production is expected to grow.

bave already closed, 100 more

that debt-laden Third World countries might use the ITC as a precedent if they ever chose

Beyond the City, the main impact of the tin crisis is the effect of lower tin prices on

cost operations.

By comparison with the LME, larly by the high-cost gravel pump mines, which are run by small companies typically employing a handful of people, rather than by the low-cost dredging groups. more than 100 of the smallest of Malaysia's 400 mines

are temporarily shot or running at half-pace. The industry estimates that with a market price of £6,000 a tonne, it will have to cut output back to 35.000 tonnes annually against last year's 37.000 tonnes. In Thailand the first cuts have come among the small com-panies which specialised in smuggling tin to circumvent ITC quotas. The glnt in the market has already driven them out of business. The industry believes more than 40 per cent of mines might eventually

Indonesia, where the industry is largely state-owned, unlike Malaysia and Thailand, is expected to cut back the least. Tambang Timah, the state tin company, is aggressively planning to expand output to lower costs and maintain employment. But given the country's economic difficulties. brought to a head by the fall in oil and gas prices, it does not seem probable that government can afford permanently production.

For tin consumers, the fall in prices is a long-awaited boon. It should mean a modest rate on their best and lowest-ost operations.

In Australia, for example, the

Group in the UK bas dropped In the UK the Cornish higgest market, is under 4 per

tion against price movements, claim that governments divest Generally, consumers bave run themselves of immunity in com-

have no pressing need for futures market. In Malaysia and Indonesia the threat to employment and to the balance of payments makes the tin crisis a sensitive politi-cel issue, particularly with

general elections due in the next year or so. However, their difficulties pale in comparison with Bolivia's, which relies on tin for 40 per cent of export revenues Production here, which was falling anyway dua to a shortage of foreign exchange to buy mining equipment, is expected to fall further, plunging an impoverished country deeper into economic trouble.

The International Tin Council itself is left with few friends. Its officials believe that the current International Tin Agreement, the sixth since the Second World War, will be the last. The council might survive, but only as a research and study group for the industry.

Dr Guenter Behrendt, bead of the West German ITC dele-gation, says it is obvious to everyone that international commodity agreements ere a thing of the past. The failure of attempts to revive the Inter-national Cocoa Agreement in Geneva earlier this month has to some extent been blamed on the tin crisis.

But if the future of the ITC is limited, its recent past now offers boundless opportunities for at least one group of people
—the lawyers. Two banks, the
Arab Banking Corporation and
Standard Chartered Bank, have started court action and three brokers have launched arbitra-tion proceedings. Others are certain to follow. At the LME.

ent. will give lawyers e historic Producers and consumers chance to test the claims the Overall the brunt of the down stocks in the crisis and mercial transactions. "This will industry's cuts are expected to are in no hurry to hulld them go all the way to the House of fall in Sonth-East Asia, particularly up. In these circumstances, they

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# Tougher rules on price fixing

THE REVIEW of UK competi-tion policy recently announced by Mr Paul Channon, the Trade and Industry Secretary, is not the Restrictive Trade Practices yet attracting the attention Act bas acted as a catalyst for it deserves. Comprehensive change in many other areas appraisals of competition policy are few and far between—the most recent was undertaken by improve the Act. Sir Gordon a working party of the Department of Prices and Consumer effective as it might be. For one ment of Prices and Consumer
Affairs in 1978-79. It is
important that Mr Channon's
review does much more than
than practical substance of merely attempt to clarify the policy on mergers following the soate of City takeovers.

Testificate agreements so as to have identical spate of City takeovers.

Complex competition issues

Complex competition issues are being raised by, among other developments, the privatisation of public-sector monopolies, the attempt to liheralise the professions and the new system of regulation of financial markets. One of the most important priorities, as 5ir Gordon Borrie, tha Director Gordon Borrie, tha Director General of Fair Trading, argued last night in his Travera lecture to the City of London Polytechnic, is a review of the Restrictive Trade Practices Act.
Restrictive trade practices Act.
Restrictive trade practices agreements. At present, it is not even an offence Restrictive Trade Practices Act.
Restrictive trade practices religislation has played a crucial role in stimulating competition.
When the first Act was introduced in 1956 collusive agreements, it is not even an offence to fail to register. The worst that can befall the company concerned is a private action for damages and this is extremely rare. If the OFT stumbles upon the unregistered collusive manufacturing: Sir Gordon suggests that as much as 50 per cent of trade may have been covered in one way or another. covered in one way or another.

Many of the restrictive agreements were swept aside in a series of prosecutions in the 1950s and 1960s but British industrialists' long-standing suspicion of competition was

of Fair Trading in the services tions. This more direct approach sector was the prosecution of would allow quicker and firmer the Stock Exchange which began in 1979 and eventually tive practices,

for example estate agency.

The question now is how to restrictive agreements. Clever ssues effects yet not need to be registered under the terms of the Act. The OFT can only act sgainst agreements that have to be registered. What is required is the sort of shift that has already occurred in tax law where it is the substance of actions rather than their

Legislation

legal form that matters.

ban it. If the company then defies the court as several have, it faces only a very modest fine. As Sir Gordon admits, the penalties for secret anti-competitive practices "are not so far particularly enerous." suspicion of competition was not eradicated: mergera became more popular once collusion was tackled.

The shying away from competition has heen just as prevalent—and damaging—in services as in manufacturing but the former came under the remit of law merely presume that and law mere former came under the remit of law, merely presume that anti-restrictive practices legislation competitive practices are against only in 1976. The classic the public interest; it prohibits example of action by the Office them subject to certain exemp

### Ontario's goid miners

Peter Steen and Murray Pezin received a rich prize last week
—one of Canada's biggest and newest gold mines. The two men are chairman and vice-chairman respectively, of International Corona Resources, the Junior mining company which an Ontario judge decided is the rightful owner of a mine opened last year in the Hemlo area of western Ontario by the much larger Lac Minerals.

Lac has been ordered to hand over the mine to Corona, as well as profits earned from it, plus interest. The judge estimated the value of the damages at

Steen and Pezim are a study

in contrasts. Conservative and soft-spoken, South African-born Steen, 55, hegan his mining career at the Blyvooruizicht gold mine south of Johannes burg. Before joining Corona last year, ba worked for Anglo American in South Africa, Zambia and North America. Pezim, on the other band, is one of Vancouver's most flambuoyant stock promoters,

PHARITAGY

"How do you want to pay, direct debit or hire purchase?"

# **Men and Matters**

who has won and lost several prime minister at Lloyd's, as fortunes since ha left school to work in his father's butcher shop in Toronto. In the fore-front of efforts to develop the Hemlo gold field in the early 1980s, Pezim, 65, modestly told a reporter recently that "my goal is to bave discovered more gold mines than any known

Several Pezim companies are currently looking for new mines in Saskatchewan. But his interests extend beyond mining. He recently took a 30 per cent interest in a company called Wildfire Resources, whose planed ventures include irrigation, home video rentals and air cargo.

One Pezim company, Pezzaz Productions, collapsed last year after failing to find a market for its tape-recorded greetings by Hollywood stars. Pezim also had little success with his plans to hulld a three-wheeled electric car. But ha observes: "One must never quit, no matter what,"

# Lord's wicket

Alan Lord's first routine press conference yesterday as the new chief executive of Lloyd's was in markedly contrasting style to those of his predecesor, the spikey accountant, Ian Hay Davison.

Lord stood throughout the conference, answering questions quietly, as befits a former civil servant, whereas Davison used to sit, firing at them machine-gun fashion.

Questions about who really is in charge of Lloyd's were advoitly fielded in the Whitehall manner. Yes, Lord said, relations between him and the forceful chairman of Lloyd's, Peter Miller, were amicable.

the chairman had once described the relationship?

The description was not entirely analogous, Lord replied. It implied that the civil servant was carrying out a minister's instructions.

What Lord, the former chief executive of Dunlop, hopes to do is to lift the burden of dayto-day matters from the chair-man and bis two deputies, elected from the Lloyd's market, allowing them to spend more tima on key issues.

Miller has made no secret of the fact that he regards his role as an executive one within the market, a matter which drew him into conflict with Davison. For the future, the battles over relativa roles and status may be fought less visibly, but they are by no means over.

### Lean times

Kjell-Olof Feldt, Sweden's finance minister, has decided that the country would be better served by leaner, hungrier busi-

In the hunt for ways to finance improved welfare benefits—this time to raise child allowances— be has decided to cut down the tax deductions available for expense account meals.

If the finance ministry has its way the meagre tax deductions now available for business lunches will also be applied from the end of the year to evening dinner—a meal which has previously been treated with a little more latitude.

So was be head of the civil entertainment in some cases service and Peter Miller the encouraged a largesse that

exceeded what was needed for doing business."

Explaining the measure be says it was in the interests of the nation's health. "It might contribute to slimming down some of the members of the business community."

There is one loop-hole for trenchermen. Foreign guests in Sweden can still be entertained as lavishly as before. But to qualify, the foreigner has to be resident abroad and a representative of a non-Nordic company, "Everyone will be entertaining Japanese guests in future," one finance ministry official observed privately.

The Swedes have a reputation for inventiveness when it comes to dealing with the country's onerous tax regulations, which may assist them to go on enjoying their dinners.

A couple of years ago when the authorities decided that wine and spirits should no longer he tax deductible as part of expense account entertaining. ing it was not long before a new hors d'oeuvres appeared on the menu in some Stockholm restaurants—gin-marinated olives.

### Bank rates

Less than a year after appoint-ing its first hanking supervisor, Goernsey is to start looking for a replacement. Richard Whit-ford, 43, who left Allied Bank International in London to take up the newly created offshore post last May at a salary of £29,500, has just handed in bis resignation.

The Guernsey authorities are The Guernsey authorities are a little anxious about how much they will have to pay for his successor. When Whitford was appointed, his boss on the island, commercial relations adviser, Bruce Riley, was only getting \$22,000 a year and had to be given a hefty rise to put bis pay above that of the newcomer. Feldt's Bill, presented to the Swedish parliament yesterday, says that the government's corporate taxation committee bas concluded that "Allowances for entertainment in some cases" given a hefty rise to put bis pay above that of the newcomer. The local income tax administrator and his assistant were also given hig increases to match Whitford's salary.

Observer

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UK TAKEOVER BATTLES

# Bulls shake the china shop

By Martin Dickson

THE USUALLY urbane voice of the merchant banker quivered with anger. The time has come," he said, " to shoot a few of these blighters on the quarter-deck—and I mean shoot, not a gentle little tap on the knuckles."

The language may be a trifle melodramatic, but it expresses a concern widely felt in the City, that the tactics now being pursued in falcovers such as rule pending and hlack propagands are putting great strain an the delicate and uniquely British framework which governs bid battles.

which governs bid battles.

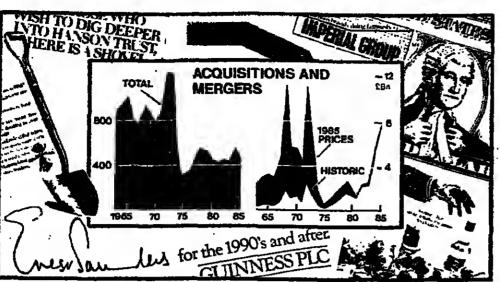
The concern has been highlighted by a spate of recent
incidents. This week, for
example, a row has broken out
over alleged "dirty tricks" in
the fight for Distillers, the
spirits group trying to ward off
a £240n bid from Argyll, a
much smaller supermarkets
business, while instead, welcoming a takeover from Guinness.
Bions Cornwall, a small City

Binns Cornwall, a small City Binns Cornwall, a small city public relations company advising Distillers, admitted that it had selectively leaked to the Press the fact that the Who's Who antry for Mr James Gulliver, chairman of Argyll, gave a misleading impression of his educational background.

More seriously, both the Stock Exchange and the Bank of England have recently had to issue new conduct guide-lines in response to a remark-able spate of share buying on behalf of clients by Morgan Grenfell, the most aggressive of the merchant banks which act as financial advisers to com-

The fear is that all these shocks to the system could push Britain down the road that ends in a formal, legalistic frame-work for takeovers, like that of the US.

Yet, with the possible excep-tion of the legal profession, there are few in the City who would wish to see that. The present British system is for bids to be policed mainly by the Takeover Panel; a self-regula-tory City body whose powers are those of censure and per-



most aggressively fought, are the three-cornered and similar fights far Distillers and for Imperial Group, the tobacco, brewing and food business. Imperial has agreed to be taken over for £2.4bn by United Biscuits—a company less than half its size—but is fighting off a rival bid from Hanson Trust, the industrial conglomerate that is one of Britain's most expert practitioners of the art of the takeover.

These battles have highlighted three major areas of concern for City regulators.

City regulators.

First, protagonists are increasingly prepared to stretch the rules laid down for the conduct of takeovers in their limit, and beyond. Many of these incidents might appear trifing to those outside the hothouse atmosphere of the banks' corporate finance departments, but cumulatively they create a trend.

Some have more serious implications, such as Morgan Grenfell's receot expenditure of £540m to buy shares to target companies on behalf of its clients United Biscuits, Guinoess and Rank Organisation, which has launched a hid for Granada.

The murchases raised the

The biggest of these, and the prudence, since United, with a nost aggressively fought, are net worth of just £410m, had be three-cornered and similar indemnified Morgan for any losses on shares worth £360m.

This time the Stock Exchanga intervened. It has a regulation saying that companies spending more than 25 per cent of net worth on an investment must first consult shareholders. Indemnity agreements were out specifically included in this rule, so the Exchange had to bring in new regulations.

Equally controversial ia Morgan's involvement in a unique deal under which Distillers has agreed to pay Guinness's costs in mountlog its bid, which could total £80m. Its bid, which could total £80m. Creative deals such as these have become the hallmark of Morgan, which has risen to prominence in corporate finance work over the past six years through cultivation of fast-growing, aggressive companies. Success has bred further success — though in recent months Morgan's star has shone less brightly, as it has been on the losing side in six takeover hattles.

hattles.
But Morgan is not alone in testing the system to the full, Merchant hanking gentiemeo generally have become not just players, but gamesmen, "Two or three years ago," says nne, "practitioners observed the spirit of the takeover code and Stock Frehance miles and tory City body whose powers are those of censure and persuasion. The great merit of the system, say those who use it issue of banking financial prudence, since Morgan's last generally have become not just players, but gamesmen. Two or three years ago," says nne, is its informality, speed and fiertbility.

Takeover the great merit of the system, say those who use it issue of banking financial prudence, since Morgan's last generally have become not just than merchant banks in their tactics. Journalists, for example, or three years ago," says nne, "practitioners observed the spirit of the takeover code and strick exchange rules and intervened and imposed tighter rules on such buying to limit a bank's exposure to any noe complex set of factors. One is the bank's exposure to any noe companies in the past the purchases also raised the extraordinairy boom in bids for very large companies.

The purchases raised a hid for Grauada.

The purchases raised the issue of banking financial prudence, since Morgan's last generally have become not just than merchant banks in their tactics. Journalists, for example, may be offered "off the record" than merchant banks in their tactics. Journalists, for example, may be offered "off the record" than merchant banks in their tactics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that merchant banks in their tactics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Journalists, for example, may be offered "off the record" that is catics. Jour

At the same time, companies are more and more prepared to take to the courts and this

to take to the courts and this is introducing de facto a more legalistic atmosphere to hid battles. In some cases, the companies' challenge is directed towarda Whitehalt — as with the current judicial reviews in which Argyll is challenging a Monopolies Commission ruling on the Distillers bid, and Rank is challenging an Independent Broadcasting Authority veto of its bid for Granada.

Its bid for Granada.

In other cases, the issua concerned is not within the Takeover Panel's competence. Hanson Trust, for example, is auing Imperial for defamation.

A second concern of the City authorities is the quality of information — particularly advertising—provided by companies. The current wave of hids has produced a heavy volume of newspaper advertising, much of it copy knocking the rival company's record. Fact twisting has been developed into a high art.

the activities of public relations companies, which have assumed a much greater importance io takeover battles in recent years and are often far less restrained than merchant banks in their tactics. Journalists, for example, may be offered "off the record" propaganda about the opposing camp.

aggressive tactics of the takenver specialists could have a knock-on effect on City standards at a time when the entire framework is being placed under immense pressure by Big Hang.

between the broker and the lobber. The cosy old relation-ship between a merchant bank and its client is being replaced hy a more fluid ooe, with banks approaching new customers with ideas for "one off" takeover deals.

That, coupled with the fact that some very powerful per-sonalities are running the commay have altered the relation-ship between the bank, the company and the PR.

"It can be difficult for a banker to rostrain these egomaniacs," says one, "particularly with advertising

eampaigns."

A lurther twist has been given to the trend by many of the latest takeovers involving smaller companies bldding for larger ones. This has created new technical problems — for example, Morgan's controversial three busing seas designed to share buying was designed to keep huge sums off United's

balance sheet.
It has also intensified the financial pressures for victory. In the bid for Distillers, Argyll and Guinness have broken with City convention and arranged their fee structures so that the underwriters of their offers get paid much more if the takeover succeeds than if it fails.

All this does not necessarily mean that the British self-regulatory takeover system is in mortal danger, but many are concerned about the trend and believe that matters might be improved by a vigorous show of force on the part of the Panel and Stock Exchange, possibly by singling individuals or firms out and making examples of them. The issue has implications that go beyond takeover battles

dimension: in the wake of the Johnson Matthey and Lloyd's scandals, and concern about rocketing City salaries, the Square Mile could do without handing more ammunition to critics.
And closer to bome, the more aggressive tactics of the take-

is worth considering how they might respond. Were countries in the indus-

The world economy

# Why Gramm-Rudman misses the point

By John H. Makin

THE GRAMM-RUDMAN zerodeficit by-1991 plan has caused the US to become increasingly preoccupied with its own problems at a time wheo the world economy needs its attention more than ever. What will become of President Reagan's defence huild-up? Will be accede to higher taxes to sustain it? Will the Great Society be dismantled? These are all important questions, but they are no more important than con-

tinued expansion in a world economy that is short on new options and long on debt.

It is inappropriate for the world's largest economy to be so preoccupied with the effects of the contractions upon itself. The its own actions upon itself. The Gramm-Rudman prescription, constitutional or not, could pro-duce some dangerous side-effects on the world economy. The fiscal engine on the American locomotive is being throttled down and the throttle lever is being locked on "slow" until 1991. Avoiding a global slowdown will require some offacting stimulus from other G-5 countries. Each will want to fashion its nwn hlend of measures designed to minimise the conflict between domestic

and international policy goals. The world economy cannot stand a combination of more rigid exchange rates, labelled as either target zones or a gold either target zones or a gold standard, and an American economy with a rigid contractionary fiscal policy. With America's fiscal policy set on a less expansionary path, the remaining degree of freedom to co-ordinate its policy would fall to the monetary authority. A tighter fiscal policy, as would be implied by conditions required implied by conditions required to achieve Gramm-Rudman targets short of inflation or miracle growth, should result io gradually declining real interest rates and continued depreciation of the dollar, barring major policy changes

Io any case, if the Federal Reserve tries too hard to offset lower spending with easy money, the dollar will collapse and interest rates will rise. The 1978-80 nightmare will be re-peated. The trading advantage implicit in a strong dollar eojoyed by America's trading part-oers will cootinue to erode. It

trial world to try to preserve premium price for gold can be their competitive edge, pro-very inflatiooary in Itself. vided that US monetary policy. It is also important to remains aimed at stable or recognise that if fiscal policy falling inflatioo, they would constraiced by the desire to

### A double temptation that the US should avoid

half decade, the US will face a a double temptation to follow inflationary policies. One part of the temptation will be the usual levy of an inflationary tax on outstanding debt. of \$250hn if now held by America's leaders in Jean France and lenders in Japan, Europe, and the Middle East. The other will be the desire to maintain or restore a competitive advantage that comes from currency de-preciatioo which in turn results

from faster money growth.

The inflation temptslion should be avoided. Global monetary expansion would risk a return to the destabilising conditions of the late 1970s where monetary assets were dumped and the rush for com-modities led to the excesses that resulted in the deht crisis, the failure of many US banks heavily involved in energy loans, and extreme difficulties in the savings and loan and agri-

culture sectors today.

We ought by now to have learned a basic point about infialion. Without a willingoess to keep accelerating it and move on to the hyper-inflationary chaos that characterised the Welmar Republic after World War I or many Latin American economies in the early 1980s, there are really oo net benefits from starting dowo the inflalionary road. There-fore, it is worthwhile to anticipate the conditions under which inflationary policies may seem expedient and try to devise alternatives that will reduce the temptatioo to resort will only complicate the task to such measures.

to such measures.
Gold or commodity standards
have ofteo beeo suggested, but as we saw in 1971, a gold standard which is not binding provides oo discipline. Further

pursue more expansiooary achieve a zero deficit goal is monetary policies to attempt to redepreciate their currencies against the dollar. As a result, there arises the possibility that to be essentially passive. A given set of exchange rates will at some time during the next require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Fastergrowing ecocomies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of beavy government debts will require either similar policies io other countries or steady depreciation

(inflation) of the currencies of the slower growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate fixity reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate fixity straints on the separate actions of national monetary authori-ties. The history of inter-national monetary arrange-ments since World War II and in fact during the three cen-turies when nations have jealously guarded the right to print their own money bas been that nation-states simply will not abide by externally imposed constraints on the conduct of monetary policy.

A slowing world economy

beavily burdened with debt needs more policy options, not fewer. When the heads of central banks and finance ministers come to Washington in April for the Bank-Fund Interim Committee meetings, they should broaden the Baker Plan initiative into a comprebensive programme of non-inflationary demand management worldwide. Tying them-selves to exchange rate targets directed at avoiding a world recession that would spell disaster for deblors and

creditors alike.
The author is Director of Fiscal Policy Studies of the American Enterprise Institute, Washington. restarting a gold standard at a

**BOOST** 

**FOR** 

PLESSEY

**PUMPS** 

The new EH101 helicopter being

jointly developed by Westland Helicopters in the United Kingdom and Agusta SpA of

Italy will use Piessey fuel booster

and jettison pumps.

The Plessey boost pump

assemblies - compact and

lightweight - supply fuel to the

helicopter's engine, motive flow for jet pumps and tank-to-

For the EH101's fuel

dumping system, three Plessey

jettison pumps-each mounted

in the engine feed tanks -

provide an exceptionally high

The oew helicopter is

expected to enter service in the

1990s and will operate along-

side and eventually replace the

tank transfer of fuel.

power-to-weight ratio.

### A social dividend

From Mr M. Slavin. Sir,—I read in Lombard (March 10) about Professor Dore's "depressing but coovinc-ing" argument that, as the head-line put it. "Only the clever get to work," in future. The hasic and more people will become in-sufficiently skilled to generate an income bigher than the basic welfare provision felt necessary

I want to pick up part of Professor Dore's solution, which you referred to as an "extreme" example: the provision of wel-fare payments to everyone, whether in work or not. This seems to me to be a startlingly radical, but most effective, solution to the problem as stated. It separates the need for income need for income (to survive) from the need to work (for dignity). If everyone had a hasic income, as of right, then those not able to find work with enough income could still work for some extra income. This would be much the same as secwould be much the same as sections of the black economy now, but without the DHSS "anoopers." On the other hand, those earning high enough extra income could pay back the unnecessary "welfare" in taxation. A particular attraction of this solution is that it would extend the solution of the solution is that it would extend the solution is the solution in the solution in the solution is the solution in the soluti

which is, by and large, good at its job, and curtail that of the DHSS, which is, by and large, not. The DHSS could revert to dealing with exceptional need, which it would manage better. The in-phrase nowadays is "caring capitalism." The idea of a social wage has been around, in one form or another, around in one form or another, all criticism levelled by a for many years: the idea of a society which cannot find the

From Dr C. Yeljanovski

Sir,-Dr McDonald's calcula-

tion ("How the taxpayer has lost out" February 26) purport

to show that the taxpayer has lost almost £1.5bn from the sale

The basis for her calculations

are unacceptable for several

reasons. The scale of under-

valuatino of shares cannot be

difference between share prices today and the increase io the

FT Index and tha issue price.

It must be measured by what could have been obtained at the time of flotation taking into

account market conditions and

companies after privatisation may not reflect the fact that

easured by comparing the

nationalised industries.

the role of the Inland Revenue,

### Letters to the Editor

the profitability of industry. Michael V. Slavio,

The butt of all

the Financial Times: their income tells against the habit The two places applanding Sir Keith's long-term and "radical" aims (March 8) deserve comment by one. Will I do — after 30 years in both independent and local anthority schools?
The general impression conveyed was, that education should consist of training for jobs to increase or maintain material prosperity, and that it fails to do so; that tech-nology, oumeracy and literacy, by teachers in favour of an approach which is at the same time over-academic and arro-gantly moralistic; and that if parents on the one hand, and wise central government on the

(apparently unanimous) to bear on naiva teachers, all may yet be well.

Teachers are now the hutt of a lot of us have been concerned around, in one form or another, all criticism levelled by a about. It needed to be said." for many years: the idea of a society which cannot find the social dividend is rather newer. The paymeots could be made homes or in the economy. We allow the formulation of the content of the content of the problems, in its problems, in its enthusiasm. Antony Snow's determination to make stan-

directly from the profits of in- | are browbeaten, depressed and directly from the profits of in-dustry. This is only a matter of how the Treasury keeps the books. If it developed into a proportion of profits, it would make for universal interest in the profitability of industry.

are browbeaten, depressed and down-graded. But we still try to help children to think. The two writers perpetuate a dozen myths which, sadly, will he believed, and at the same time use staggeringly self-contradic-

30 Greenholm Road, SE9.

criticism From Mr A. Elliott Sir,-Not many teachers take

and decent behaviour are all (en masse) ignored or belittled other, bring the pincer move-mant of their right thinking

being privatised. If this inter-

dards "rise at a time of in-creasing demand" (March 6). Hence my readiness to comment on what I judged to be a hazard identify and eradicate without

to save on hemlock,

From the Chairman, Extel Consultancy

Felin Crai, Brecon, Powys.

Views on public

healthier, executives never cleverer, and clieots never more

contented. Everything that needed to be dooe to maintain

standards was being done and what was I doing to rock the

boat? The other, mostly—though not entirely—from users said something like: "At last,

due to privatisacion and under-

A. F. Elliott. Mill House,

relations

The sale of seven nationalised industries

priced but that the profitability not mean that public assets and efficiency of these companies have increased dramatically and as a direct result of effects of improved efficiency

present privates of the time of the private of the fixed price these companies were floated.

This being privates of and underpreting the private points of the treasury was simply must be borne in miod. Shares not in existence at the time issued by the fixed price these companies were floated.

into profits by privatisation.

Even though Dr McDonald's point applies with equal force

cient training methods; and recruiting from the professions. A lot of people aren't.

Interestingly, my quotes first
appeared in an article I wrote tory arguments and brash assumptions which no sixth former would dare to employ

for the newsletter of the Public Relations Consultants' Associain an essay for a respectable teacher. They would force Socrates into early retirement. tion. On that occasioo, I had only expressions of support and approval. It seems then that it might be the medium not the messaga that stirred so much

I would have thought the larger and more influential readership of the FT might have responded very positively to signs that the public relationships the public tions business was not compla situation and was continuing to make determined efforts to further improve its increasingly Sir,—Curious. After being quoted in David Churchill's article on the performance of public relations consultancies (Management Page, February 27) I had two kinds of phone call. The first, mostly from incensed FR practitioners, claimed that PR has never been healthier. executives never

Frank Barnard. 4 Bouverie Street, EC4.

Looking at the map

From the Managing Director, Metal Bulletin

Sir,—W. N. Green (March 4) is reading the wrong map. The roots of the debate as to whether manufacturing in tha UK is really necessary lie a lot further south than Watford as well as a lot further east than Greenwich.

McDonald seems to have little

time for. Pension funds and insurance companies invest on bebalf of an extremely large number of taxpayers. So the net redistributive effects are not as severe as the calculations

not as severe as the calculations

state even if we accept that

they measure a loss in some real sense.

In short Dr McDonald pre-

Park House, Park Terrace. Worcester Park, Surrey.

delay.

I (00 am helping to create "thoughtful and practical programmes"; building specialist groups ("cellular teams" if you must); biring gradoate trainees; employing more efficient training methods; and Royal Navy sales reach £250 million in a year

contract worth over £20 million for advanced 3D radars for the Royal Navy. This brings the total value of Plessey Royal Navy orders over the past twelve months to £250 million

The latest order is for a further batch of Type 996 radars, built to the same specification which two years ago won Plessey the supply of advanced three-dimensional surveillance radars to the Royal Navy, against international compeli-

Says Sir James Blyth, Plessey managing director: "In ousting the traditional suppliers of this type of naval radar, we were able to draw oo our considerable export experience and impressive research and development facilities.

"Type 996 will give the Royal Navy an outstanding increase in operational capacity." SIGNIFICANT SUCCESS

The radars will provide automatic target indication to Sea Dart and Sea Wolf missiles, and will be installed in all Type 42 destroyers, lovincible class aircraft carriers and the new Type 23 frigates.

# Plessey IDX saves police £200,000

Savings of over £200,000 have been made by Devon and Cornwall Constabulary within a year

desk-to-desk calls by the police throughout the network without the need and expense of British Telecom's public network.

The Plessey IDX system is the basis of the new family of Plessey



ADVERTISEMENT

\*PLESSEY HOTLINE \*\*PLESSEY

First deliveries are scheduled for this year. For Plessey, the order caps a year of significant Royal Navy contracts for systems and equipments ranging from sonars for submarines and

radios, displays and decoys.

These successes have recently included a £7 million contract for a new generatioo of modular display consoles as part of the Computer Assisted Command Systems, also for the Type 23 frigates. This reflects the Plessey posi-

surface ships to advanced

tioo as principal manufacturer of Royal Navy display systems. In virtually all naval areas, Plessey electronic systems

company's opportunities to add to its already considerable exports to navies abroad.

Westland Sea King belicopters in the Royal Navy.

# Three motorway systems contracts

The Department of Transport has awarded Plessey three cootrol ceotres. This equipcontracts for the maintenance of motorway signs, signals and communications systems on sections of the M1, M2, M3, M4, M11, M20, M25 and M27 in the

of motorway and in nine ment has been supplied and installed by several other manufacturers as well as Plessey.

The customer services division of Plessey Cootrols Limited, which will handle the work, deploys some 200 engineers throughout the UK on the mainteoaoce of traffic control systems.

Plessey is a world leader in the design, manufacture and installation of computer and electronic systems for road and rail. In 1985 it installed more computer-controlled road traffic systems in Britain than

Technology is our business.

PLESSEY, the Plessey symbol, IDX and ISDX are trade marks of The Plessey Company pla

### But she is quite correct in argu- usually sell at a substantial preseots us with a confused piece of statistical evaluation which if ing that they measure a loss to mlum when they come on the the taxpayer. If these gains are due to better management and efficiency brought about as a direct result of privatisation this premium and the actual of installing a Plessey digital represent the very latest in communications network. correct implies the opposite of state-of-the-art defence tech-Seven IDX systems in the what she is arguing. That if nology, and increase the her calculations measure a real constabulary's near 4,000 then the taxpayer as an implicit premium at the time of flotaloss it is the loss of nationalisasquare mile area are interlinked tion not privatisation. If the tion. The Government's desire shareholder of these companies wheo they were nationalised by private circuits, allowing to spread share ownership by favouring the small share-Nonethaless Dr McDonald's calculation could well measure the loss to the taxpayer but not in the way she would wish. The better, performance of thesa companies after privatisation

shares have been underpriced to encourage wider shareowner-ship than the average taxpayer may have suffered very little net loss relative to the scheme which would have maximised

the Treasury's revenue. (Dr) Cento Veljanovski, ISDX digital exchanges. University College, London, may not reflect the fact that Even though Dr McDonald's point applies with equal force Benthum House, the shares were initially under- analysis is deeply flawed it does to the institutions which Dr Endsleigh Gardens, WCI.

South East of England.

They cover the maintenance of virtually all equipment on and alongside some 300 miles

PLESSEY

any other company.

In Convitte fer sites for onal In since the ill be the tarrier, and some

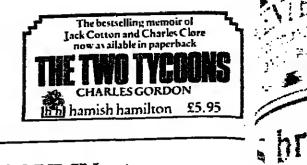
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# **FINANCIAL TIMES**

Wednesday March 12 1986



Decision to limit Soviet presence reflects conservative American distrust of UN organisation

# Soviet UN overstaffing 'threatens US'

THE REAGAN Administration's demand that the Soviet Union reduce its staff at the United Nations by 100 hes drawn an angry response

more importantly, that "it poses a away, so e comparison with the sians are great ballet fanciers, for much larger Soviet staff mey not be instance. They run around a lot. It that the unprecedented US action is a cause for deep concern in Mr Perfrom Moscow, coupled with a warning that the move could jeopardise the planned US summit meeting, writes our United Nations corre-

But the US demand has struck a chord with conservative Americans who regard the UN as a costly and alien presence they could do with-

Britain, generally considered to be among the best informed and more effective members of the United Nations, manages with a comcounsellors and about a dozen lesser officials. The United States, whose UN performance has pro-duced mixed results, has 68 diplo-mets, according to the latest official

But the Soviet Union has no fewer than 114 delegates listed in the UN "blue book," to which must be added 11 delegates from the Ukraine and nine from Byelorussia, the Soviet Republics that were allowed separate membership under

The US, citing an actual Soviet total of 275 "permanently assigned personnel" in the three missions, says this is "unreasonably large," unwarranted by UN business, and,

maximum of 170 by April 1, 1988.

spokesman et the UN, explained that the discrepancy in numbers re-sulted from the fact that personnel not included in the blue book must be taken into account. These might include attaches and drivers, cleaners and messengers performing extracurricular" functions.

According to one Western diplomat, some Soviet delegates doing a straightforward diplomatic job have already remarked privately that they may be the ones returned to Moscow as a result of the American edict, while seemingly lowly col-leagues on the intelligence side could be retained.

The US authorities do not allege that all Soviet personnel are political spies - UN activities cover a broad field and Moscow evidently believes it necessary to employ it has evidence against a Soviet citimany specialists for its diplomatic zen attached to the UN, he said, and chores, which include frequent liaison and lobbying with representatives of member states with which it has relations.

Including ancillary personnel, the US has 126 people in its UN keep track of so many Russians, Mr transpose that General's spokesman, declined mission, but, as the Soviet government has pointed out, Washington is only a couple of bundred miles involves a lot of expense. The Russians in the range of 
nese diplomats at the UN are prob-Mr Richard Hottelet, the US ably no less busy than their Soviet

counterparts.

Last week'a American move was no great surprise. But for the fact of the summit meeting between President Reagan and Mr Mikhail Gorbachev last November it might have happened much earlier. "Obviously. we didn't want to do anything then

to rock the boat," a US official said. Mr Hottelet said Soviet represen-tation had doubled in the past 20 years. "It just grew," be said. The US statement had mentioned "inappropriate activities ... including espionage" by Soviet officials, but he said he was not aware of any recent incident that might bave prompted the Administration's

The Federal Bureau of Investigation does not always go public when several Soviet diplomats have been declared persona non grata and whisked off to Moscow without fanfare over the years. Asked how the FBI and other government agencies

ment, Soviet delegates are confined to a radius of 25 miles from Cohumbus Circle, the beart of Manhattan. Still, they may travel widely so long as they notify the US authorities 48 hours in advance of their proposed itinerary. Permission for such travel is required only in the case of visits to what Mr Hottelet called 'closed areas" - places that are sensitive militarily. Diplomats from Eastern European allies are under no restrictions

According to UN authorities, the Headquarters Agreement, under which the US gave the UN a measure of extra-territoriality when it ing monotony. Only last month, the set up house in New York - in large Heritage Foundation, a Washington part because of Soviet wishes of diplomatic missions. Because of this ambiguity, Secretary General

Javier Perez de Cuellar has asked
his legal council, Mr Carl-August
Fleischhauer of West Germany, to

Javier Perez de Cuellar has asked
viet outpost and "e triumph of Orwellian newspeak."

Since 1964, the bead of this libprepare a memorandum on the lebowever, bas the power to issue

Mr François Giuliani, the Secre-

ez de Cuellar's office, since it offers new evidence of the sharp divisions between Washington and Moscow that the UN would like to bridge.

Furthermore, linking the Sovie union and the UN to espionage offers new fuel for a large body of American opinion already deeply sceptical about the organisation, which many US conservatives regard as an irksome element at best and, at worst, a too costly and even bostile presence on their soil.

"Red spies in the UN" is e head-line that has appeared in the American tabloid press with embarrassthink tank that bas set its sights on makes no stipulation about the size the UN in a continuing "assessment project," called the organisation's

rary has been a Soviet national and gal implications. The US alone, there have been reports that spies found it a convenient place for exchanging information. The point was made by none other than former UN under secretary general Arkady Shevchenko, the highest ranking Soviet defector to the West. Moscow summit warning, Page 4

ease

**MFA** 

controls

By Paul Cheeseright in Brussels

THE European Community is pre-

Trade ministers yesterday settled

European Commission will nego-

tiate a renewal of the MultiFibre Arrangement (MFA), which con-

trols the great part of world textile and clothing trade between devel-

The present MFA expires at the

end of July. Detailed international

negotiations for a fresh pact start in

The Community position, as i

emerged from the Brussels talks, is

slightly more liberal than that

adopted in the last round of negotia-

tions in 1982. It is being presented

as the first stage in the gradual re-turn of textiles to the normal rules

of the General Agreement on Tar-

It is likely now that the Commu

nity will find itself somewhere in

the middle between the demands of

the developing countries for much more liberalisation and the expect-

ed restrictive position of the US.

The Reagan Administration bas not

The mandate meets UK aims of

a renewal of the present MFA, con-

tinuing to give considerable protec-

tion for the most sensitive areas of

our textile and clothing industries.

and market liberalisation in certain

Ministers decided to allow great-

er access, above 1986 levels, to the

Community market at the rate of:

Up to 1 per cent for the so-called dominant suppliers - Hong Kong,

• Up to between 4 and 6 per cent

 Up to 7 per cent for the poorest countries or new suppliers.

The Community will also offer greater flexibility in the way quotas

are administered. Where they are

unused in one part of the Communi-

ty market, they can be transferred

12 per cent of the trade is affected.

to another, provided no more than

Macao, South Korea, Taiwan;

for other developing countries;

selected areas," said Mr Alan Clark, the UK Trade Minister.

oping and developed countries.

Geneva early next month.

iffs and Trade (Gatt).

yet defined its stand

for their textiles and clothing.

Taking one thing with another, and allowing for Philadelphia below the line, the virtues of UB have not EEC may

> It is early days after the last UB sition, but with the collapse of the rights issue to overcome dilution, no doubt. But as a model for UB's tin rescue raising new questions about S & W Berisford's balance sheet, Hillsdown must be beving post-imperial future - following the issue of a great deal more equity second or third thoughts about dig-ging through Berisford to British Sugar or the Ranks Hovis stake these figures are not as fortunate as they might be.

price almost all of last year to re-gain the premium achieved in its pared to permit developing countries slightly easier market access first day of trading, but yesterday's figures for 1985 fulfilled that early promise, Profits before tax were up a detailed mandate on which the 7 per cent to £33.4m and the increase survived to raise per-share earnings by nearly half on the strength of bought-in tax shelter. The City of London now knows

what Hillsdown is up to in eggs and a premium rating despite the commodity origins of the best part of three-quarters of Hillsdown's profit.

The management's skill in buy-ing devastated businesses and squeezing a small margin out of them is clear enough from these figures, and given that almost two dozen acquisitions added a mere £4m

THE LEX COLUMN

# Biscuits today, jam tomorrow

to 1985 profits, Hillsdown could

make £40m and more this year just

from taking out some human and

Equally, Hillsdown bas managed

to add supermarket value - in the

form of butter and breadcrumbs -

to what was once a pure commodity

poultry operation, even if the red meat business is proving less trac-

table to packaging.
However, unless more tax-shelter

earnings multiple of 14. Of course,

Hillsdown might make its hig acqui-

animal cost

There is a not altogether comfort ing familiarity about the 1985 re-sults of United Biscuits, which will give UB's own shareholders plenty to chew on before they decide next week on the wisdom of allowing their management to push ahead with its offer for Imperial.
As usual, UB has demonstrated

that it has the capacity to absorb cash in the cause of expansion. Cookie market share bas been strenuously won in the US, costs have been taken out of the biscuit business on both sides of the Atlantic, and UK fast-food has started to produce more visible returns.

Beyond market share, UB has consistently pursued pre-tax profit, which has emerged respectably in the forecast region, 17 per cent igher at £102.2m.

UB bas also sunk a certain amount of capital in maintaining its credentials as a tough production company. Apart from the prolonged expense of the soft-cookie promoional war - where UB's Keebler bas come off well, though in what has proved a disappointingly small market - UB has had to stand the cost of closing Keehler's Philadel-

extended this year to an increase in earnings per share.

### Hillsdown

**Bond markets** It took Hillsdown Holdings' share A set of UK money figures provisionally free of distortion, a rarity in itself, might be expected to show what is really bappening in that part of the economic forest. But ungrateful economists banker for a trend and stockbrokers had per-

Not the least preoccupation is the feeling that consolidation is in orto pull the gilt-edged market up

now returns under 8 per cent.

out on the rate reductions other bond markets have seen, a base rate cut is still expected on or soon after budget day next Tuesday and discounted.

The Bank of England's technical operations in the money markets have been interpreted as clear signals that a cut would not be welcome just yet. When it comes it may only be a half point fall, not the

hoped for one point move.

Before thet can bappen this weekend's Opec meeting must be negotiated without any harm coming to the sterling exchange rate and the hudget speech must be written and delivered. Those two trials and their effect on the fight against inflation matter more to the gilt-edged market than even a clean set of provisional estimates of monetary aggregetes.

### Vickers Shipbuilding

Spare a thought for poor Trafalgar House. Last year, when Westland was but a small mechanical engineer on the verge of collapse Trafalgar took a look at Vickers is erected in the right places, this Shipbuilding et the Government's year's earnings growth will be invitation. This year, with Westland a by-word for industrial-political earnings, Hillsdown - at 242p, up 4p - stands on the confident price/ the competition for Vickers despite tendering what looks like a higher

As with anything to do with nationalised industries the sums can add up in different ways. It seems that Trafalgar bid just over £80m down for the two yards with up to £10m to come when the contracts for the Trident boets are signed.

The employee consortium bid £60m down with a £40m deferred consideration to come in the 1990s if the corporate plan is met at best, a little over \$80m down on a discounted basis.

The consortium did promise in its prospectus yesterday to spend some £92m to complete a shed to cover the Trident boats. This is presumably what the Ministry of Dehaps forecast the numbers for fence wants and may be as much banking February too well for the worth the difference as the political markets to pay much attention to benefits of share ownership in Barrow and Birkenhead.

size of the rise the bond markets £290m in overdraft and dividend have already enjoyed and a general capital for just £60m in cash, the consortium's balance-sheet is shipder. Only e couple of UK issues still shape enough. On the new funding yield more than 10 per cent, while basis, interest cover is comfortable the US long bond which has belped and provided the MoD permits a beavy workload to be transformed into profit the flotation in the sum-Though gilts have so far missed mer should be e success.

2 charge

Re group

....

# Setback for UK financial

reforms

THE UK Government is running into fresh political difficulties over the Financial Services Bill following a refusal yesterday by Mr Micheel Howard, the Corporate and Consumer Affairs Minister to consider recognising the Securities and Investments Board in the bill.

By Nick Bunker in London

His statement angered opposition Labour MPs and has increased the chances of further Conservative backbench pressure aimed at securing explicit statutory authority for the SIB, which is expected to become the central supervisory body in the Government's proposed investor protection regime.

Mr Howard told MPs on the House of Commons standing committee considering the bill that it was his "clear duty" to seek to delete during the report stage an amendment passed last Thursday which names the SIB. The amendment was carried by one vote after Mr Anthony Nelson, the conservative MP who proposed it, and Mr Tim Smith, also Conservative, sided with the opposition.

At a private meeting on Monday night, the two backbenchers failed to persuade Mr Howard to accept the amendment. They believe that statutory recognition for the SIB is essential if it is to be effective and respected by the public and the fi-nancial institutions. The Government argues that Mr Nelson's amendment has damaged the bill by limiting its discretion about delegating regulatory powers to the SIB. Mr Smith has now proposed an

amendment which would add to the bill e new schedule which also names the SIB and defines its constitution and membership and specificies arrangements for appointing staff and financing itself through overdrafts repaid out of fees charged to investment businesses.

The amendment's wording is partly copied from the sections of the Local Government Finance Act of 1982, which set up the Audit Commission, the independent body which audits local authority accounts and conducts local government value-for-money reviews.

Opposition MPs plan to support the amendment, which, if passed, would make it more difficult for the Government to resist cross-party \$8bn to \$20bn a year.

World-Weather

# French construction group suffers FFr 1.75bn losses

BY PAUL BETTS IN PARIS

(\$250m), last year, plunging the company's net worth into a deficit

Originally the company, which reported a loss of only FFr 8.9m in 984, was expected to lose FFr 300m last year. But the estimated losses steadily increased, first to FFr 700m and then to FFr 1.4bn in January.

The latest figures, showing the full extent of the losses incurred because of a combination of management errors and the recession in the construction business, were disclosed yesterday in an audit of the company commissioned by Bouygues, France's largest construction group, which now envisages taking control of its rival.

SCREG, France's second largest has an option to buy a further 17 construction group, suffered a higher loss than expected, of FFr 1.75bn of June. If Bouygues decides to exercise

that option, it will become the single largest sharebolder of Screg, with effective control of the company. It will also increase Bouygues's size by adding Screg's FFr 22bn-ayear sales to current Bouygues annual turnover of FFr 26bn.

The Screg audit showing the FFr 1.75bn losses last year did not include restructuring costs totalling at least FFr 300m, which will have to be borne in coming months, according to the report by the French

says the audit, FFr 729m last year. Screg Routes, the road construction Bouygues has already acquired a unit, lost FFr 323m, while another per cent stake in Screg from the subsidiary, SMAC, had a deficit of Belgian Petrofina oil company and FFr 213m last year.

The group's Versailles real-estate subsidiary in Texas lost FFr 318m

Bouygues now wants to put together a recovery plan for Screg with banks; Coface, the French export credit agency; other financial institutions: Screg shareholders; and the French Government.

The plan aims to return the troubled subsidiaries of Screg to a positive net worth position and to enable Screg to continue its dredging business. However, it also envisages the winding down of the Texas real-estate operation.

Among Screg's most troubled ed consolidated profits of FFr 440m subsidiaries is its large Dragages et for 1985, has been actively seeking Travaux Publics unit, which lost, to expand and diversity its operations. The eventual takeover of Screg would turn Bouygues into one of the top three private groups in France with annual sales of more

# Big UK companies hit by high incidence of employee fraud

BY CLIVE WOLMAN IN LONDON

companies have suffered at least one fraud of more than £50,000 (\$73,000) over the last 10 years, a Government-sponsored survey into commercial fraud suggests.

The survey, published yesterday,

is based on questionnaires and in-terviews carried out last September with the senior executives of a sample of 56 companies from the 740 which are included in the FT-Actuaries All Share Index.

In 74 per cent of the frauds that companies reported to the police the offenders were employees, occasionally in collusion with outsiders. In nearly 30 per cent of frauds the

per cent of cases a director or part- standing of their businesses. ner. An accounts official was responsible in 19 per cent of cases.

The most common form of fraud. accounting for 24 per cent of the total, involved the use of cheques and credit cards. Embezzlement and expenses frauds formed the second most widespread category.

ABOUT 40 per cent of large UK offender was a manager and in 10 their auditors' lack of under-One former internal accountant

in a leisure company is reported as saying: "We used to run rings around the auditors. We would give them the absolute minimum of cooperation and this would mean that they spent an enormous amount of time checking basic data."

nost widespread category.

The study was sponsored by the None of the frauds was detected Home Office, the Police Foundation by external auditors, who are being and the accountancy firm, Arthur given specific responsibilities for Young. The research was carried tracking down and reporting fraud out by Dr Michael Levi, a criminoloin financial service companies to gist et University College, Cardiff, the regulatory authorities. Several and Mr James Morgan, a senior

# respondents were scathing about partner of Arthur Young. US to act on counterfeiting

BY NANCY DUNNE IN WASHINGTON

costing US business an estimated

Speaking before a House banking sub-committee yesterday Mr Mal-

THE REAGAN Administration will colm Baldrige, the US Commerce cit around, said Mr Baldrige, "the soon propose new legislation to strengthen protection of intellectual property rights — patents, copyrights and trademarks — because counterfeiting and piracy are now the said Mr Baldrige, "the Secretary, said the Administration month-to-month trend will be headed down by the end of 1986."

Mr Baldrige made a pitch for his tered industries, besides tariffs and recent proposals easing American

within damaged sectors. ers wi Although the US had a long way to go before turning the trade defi-costs.

quotas - an easing of merger laws

Mr Baldrige made a pitch for his anti-trust laws, stressing that mergers within and industry eliminated duplicative efforts and streamlined

ceiling of 1.4 per cent, instead of the former limit of 1 per cent. The conage of retail sales of a given basket of goods and services in each member state, and represent the maximum available, on top of customs duties and levies.

On Monday, several finance and new increase in the ceiling could be contemplated yet - which suggests that spending cuts will be the only

Mr Christophersen, himself a former finance minister in Denmark, in the community, he said.

Mr Organia sexpected to press the IMF for easier terms both on the existing facility and any subsequeot egreement. Mrs Aquino's Government leels that, with the end of Mr Marcos's autocratic rule, rejected accusations that the European Commission was responsible for drawing up too many spending programmes. He said the over-spending was a result of past policy decisions by the Council of Minisbe restored and the IMF and the

The Commission's recent outline for a five-year research programme costing some Ecu 10.35bn - attacked by Mr Gerbard Stoltenberg.

talks open Continued from Page 1 tranches of \$230m of the existing facility should be released. The release of the \$230m from the IMF would trigger the disburse-ment of the final instalment from

the "new money" package from the commercial banks totalling \$350m.

Manila debt

country's other creditors should ters and the European Parliament, rally to its support by being more Parallels are being drawn by some of Mrs Aquino's officials be-



TT'S WILLAT WIE'RIE CUT OUT COMPANY\_ ADDRESS\_ Send for the Clwyd fact pack

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Tel. 0352-2121

# EEC warning on need for new budget cuts

Continued from Page 1

and of external factors such as the leoient. fall of the dollar.

tween the end of the Marcos era and the fall of the military dictatortacked by Mr Gerbard Stoltenberg ship in Argentina after the Falk-the German Finance Minister - was lands war. Unlike Argentina, bowa direct response to the call by EEC | ever, Mrs Aquino's Government acleaders for a greater research effort | cepts that it has no choice but to deal with the IMF on its own terms.



# SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Wednesday March 12 1986



# US brokers announce corporate insurance plan

BY TERRY DODSWORTH IN NEW YORK

coverage by bringing together an underwriting syndicate backed by some of the country's leading property and casualty companies.

The project has already received the backing of Aetna, the largest quoted US insurance group. Several other property and casualty companies, including Cigna, Travelers and Chubb, have confirmed that they are also considering membership.

Mr Newhouse and Mr Richard providing coverage with the new Johnson & Higgins, listed four plan by May 1, said Mr Robert main advantages

Newhouse, chairman of the broking subsidiary of Marsh & McLennan, clients a common form for all their the biggest insurance broker in the

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D peranti :

Marsh has come together with Johnson & Higgins, the privately from different insurers, all of whom owned broking group, to try to form are writing it under different terms. owned broking group, to try to form the syndicate, which would offer cover for claims of over \$25m and

Companies looking for insurance in this part of the market are faced with widespread shortages and what Mr Newhouse called "chaotic"

policy terms and conditions. Underlying the new company would be the concept of "alip" underwriting, uncommon in the US although widely used in the London market. All underwriting for the

BY JOHN DAVIES IN FRANKFURT

(NordLB), one of the largest of West

Operating profit of the Hanover parent bank, including earnings from its own trading activities, rose 13.6 per cent to DM 395.6m (\$179m). The group, including Lausembourg operations, the Bremer Landes, bank and home-building savings banks and home-building investee in

banks, showed a similar increase in

NordLB is paying a 4 per cent divi-dend to its shareholders - the state

government of Lower Saxony. (60

per cent) and local savings banks (40 per cent). The parent bank lifted its risk

\$90m charge

service group

FURTHER EVIDENCE of the prob-

lems in the US oil service industry

emerged yesterday when Newpark Resources, a New Orleans energy products and services concern, an-

nounced charges of about \$90m against 1985 earnings.

The charges will produce a loss for the year of about \$124m, which compares with a deficit of \$37m in

1964 on revenues of \$206m. Fourthquarter charges will total \$65m. bringing a loss in the period of about \$94m.

The company attributed the charges mainly to the restructuring of its operations in response to the

deterioration in the oil and gas in-

and Galveston-Houston.

dents oil

By Our Financial Staff

operating profit to DM 719m.

For the third year in succes

tical shortage in corporate liability en by a central organisation on

sponsible for a set proportion of claims and premiums. Disputes be-tween policy-holders and insurers.

We have a target date to start Meyer, senior vice president of

First, the syndicate would offer clients a common form for all their cover between \$25m and \$100m. At present, customers are buying in-surance in this part of the market

Second, the multiple "layering" of policies will be eliminated. Under hility

NordLB lifts earnings 13.6%

and again maintains dividend

NORDDEUTSCHE Landesbank 157m in 1984 and also boosted its fi-certificates totalling DM 134m. Dr

nancial reserves. The Luxembourg

Germany's regional publicly owned banks, increased its operating earnings to tant step towards covering banks, increased its operating earnings lost year and is maintaining its ting aside the full sum for possible needs of about DM 300m.

Under Dr Bernd Thiemann as

sion, closely linked to the needs of

the Lower Saxony region and of its savings banks. While political con-troversy has arisen over problems at some West German Landesbanks

in recent years, NordLB has been

auxious to put strong emphasis on profitability and continuity of divi-

The state government and sav-

ings banks recently agreed to add

to NordLB's financial resources by

BY OUR OSLO CORRESPONDENT

largest commercial bank, achieved

1984. By the end of the year total as-

of growth, marked by the explosive

rise in domestic lending. Bergen

dend in shares, at a 15 per cent dis-

chief executive, NordLB has been while group assets were up 5 per pursuing a course of steady expan-

Bergen Bank boosted

by growth in lending

BERGEN BANK, Norway's third count on the market price, instead

record operating profits last year of NKr 656m (\$91m), before loss write-offs, compared with NKr 535m in sult of keen competition and partly

sets amounted to NKr 42.4bn - NKr and the bank's net interest income 9bn higher than a year earlier.

The bank describes 1985 as a year

as a proportion of total assets fell to
2.88 per cent, from 3.24 per cent. In-

international risks.

dend payments.

provisions to DM 210m from DM taking up an issue of profit-sharing alised for doing so.

TWO of the leading insurance bro-kers in the US plan to tackle the cri-in the syndicate would be undertaked claims in excess of 525m.

Third, the availability of the new their behalf.

This co-ordinating body would settle and adjust claims, with each settle and adjust claims, with each insurers who depended on them. the financial stability of the insur-

ance companies backing the scheme, Mr Newhouse said. Fourth, the common claims procedure should remove the muddle that exists under the layering structure, where there is scope for unlimited argument between the insurance companies, their clients

and their respective lawyers.

Mr Newbouse did not give a precise estimate of the likely premiums to be offered for the new poli-cies, saying that they would range widely from \$100,000 to several millions for the \$75m of cover depending on the business being insured.

However, be said be believed the layering system, companies buy there were more than 1,000 compa-insurance in chunks, with cover bethere were more than 1,000 compaing provided at different prices by be interested in the scheme, among companies that accept a proportion of the risk in a certain band of liawhose potential liabilities tended to fall within the range of cover being

Thiemann said this was an impor-

The parent bank's assets grew last year by 4.9 per cent to DM 63bn

NordLB has responded to strong

competition among West German banks by introducing a flat fee of

DM 3 a month for private custom

ers' giro accounts, irrespective of the number of transactions.

Dr Thiemann said customers

sitive to bank fees and wanted a

simple system. Customers should

be encouraged to use the full range

of bank services rather than be pen-

Interest margins were under

because of government measures

terest costs rose by NKr 711m to

NKr 3.36bn - an increase that was

tion of total assets, fell to 3.12 per

cent from 3.27 per cent.

personal financial position.
This showed that Mr El-Sayed had personal debts of SKr 1.45bn (\$20m) against which he had h-

Fermonta shares.
Mr Ulf Linden, deputy managing director of Volvo who negotiated Volvo's withdrawal from the planned co-operation pact

Since trading was resumed last Thursday the Fermenta share

### Superfos hit by losses at US unit

By Our Copenhagen Correspondent

SUPERFOS, the Danish-based chemicals, leedstuffs, packaging and construction group, suffered greatly reduced profits in 1985 because of heavy losses in its US fertiliser operations. Sales rose from DKr 9.11bn to SKr 11.28bn (\$1.34bn), but pre-tax income fell to DKr 40m against DKr 311m.

Superior profit after taxation

274m. The group is paying an un-changed 12 per cent dividend.

The company described the 1985 result as disappointing, at-tributing it to the falling dollar and the singlesh fertiliser mar-

Bank's competitive performance in proportion to the rise in total as-was good, says the board, and profi-tability, while lower than a year come did not rise at the same pace, tability, while lower than a year earlier, was maintained at a "satisfactory" level, despite the strong growth. Earnings as a proportion of average total assets equalled 1.74 per cent, compared with 1.81 per cent, compared with 1.81 per cent in 1984. corded a major deficit.

The acquisition of Boyster in year - rose 37 per cent to NKr 747m. Operating costs, as a propor-

# **El-Sayed** debt was guaranteed by Volvo

By Kevin Done, Nordic Correspondent, in Stockholm

VOLVO admitted yesterday that it had agreed to act as guarantor for part of the personal debts ac-cumulated by Mr Refaat El-Sayed during the collapse of the ambitious co-operation pact planned between Volvo and Fermenta, the troubled Swedish biotechnology and fine chemicals group of which Mr El-Sayed is majority shareholder. Volvo pulled out of the deal –

which was to have given Fermenta the leading position in the Swedish pharmaceuticals and bi-otechnology industry — in the middle of the turmoil that fol-lowed Mr El-Sayed's disclosures that he had lied to investors

In the middle of February Mr El-Sayed was forced to admit that his claim to a doctorate in microbiology was false. In the re-sulting crisis of confidence the company's share price plunged, wiping out more than half its market valuation.

The stock exchange suspended trading in Fermenta shares for nearly two weeks and only al-lowed dealing to be resumed last week when it had received a full,

quid assets of SKr 146m plus a bolding of 16.5m shares in

Volvo had guaranteed about SKr

with Fermenta, said yesterday that Volvo had wanted a "strong Fermenta" to emerge from the crisis. Without the guarantee there had been a risk that Mr El-

was DKr 11m, a drastic drop from the 1984 figure of DKr

ket, notably in the US where Royster, a fertiliser subsidiary based in Norfolk, Virginia, re-

January 1985 put the Danish concern into the world's top 10 fertiliser producers.

# **PAN-HOLDING SOCIETE ANONYME** LUXEMBOURG

Newpark has also combined its tool business with Triumph-Lor, a joint venture with NL Industries ers have the option to take the divi-

At its meeting of March 11, 1986, the board of directors finalised the accounts for the financial year 1985. The accounts show a net profit of US\$9,521,892, including a net realised gain on sales of investments of US\$6,899,875.

The board decided to propose to the Annual General Meeting to be held on May 30, 1986, the distribution per share of US\$50 par value ontstanding on June 30, 1986, of a dividend of US\$5.00 paid for the year 1985, against a dividend of US\$5.00 paid for the year 1984. The dividend of US\$5.60 is free from withholding ta xin Luxembourg and would be payable as from July 1, 1986.

The company's unconsolidated net asset value as of December 31, 1985, amounted to US\$198,591,928, equivalent to US\$283.70 per share, as compared to US\$216.24 as of December 31, 1994, i.e. an increase of 31.25 or of 33.5% if the dividend of US\$5.00 is taken into account. The company's consolidated net asset value as of December 31, 1985, amounted to US\$292.68 per share The company's unconsolidated net asset value as of

As of February 28, 1966, the unconsolidated net asset value amounted to US\$304.80 and the consolidated net asset value amounted to US\$316.22 per share.

# **Novo Industri slips** despite higher sales

BY OUR COPENHAGEN CORRESPONDENT

NOVO INDUSTRI A/S, the Danish director, said last year's results ing the decline were the falling US dollar, product changes and lower market prices market prices.

(\$488m), an increase of 9 per cent on 1984. Pre-tax and net profits came to DKr 872m and DKr 804m, respectively.

In a statement the company attributed the drop in profits to decreasing prices, especially in the US starch and alcohol industries. The introduction of new types of insulin and a strengthened marketing effort had helped Novo to preserve and expand its share of most leading markets in the face of continued strong competition.

Mr Mads Ovlisen, the managing

insulin and enzymes producer, were in line with company expecta-showed lower profits last year des-tions and acceptable in view of

tinuing into this year with in-Total sales of the Novo group last creased pressure on its earnings. year amounted to DKr 4.1bn but we intend to intensify our research and product development programmes to safeguard our competitiveness in the long term."

> Novo, which is listed in New York, London and Copenhagen, pro-duced a string of rapid profit increases before the onset of an international price war in enzymes in

> Subsequently, group earnings have been flat with the results for 1985 hampered further by adverse currency costs of around DKr 30m. The year's dividend is again 20 per

Ann Charters on industry's problems following Brazil's economic reforms

# Businesses struggle to adjust

months earlier.

Another problem is the new wage

indexation system, giving workers

automatic rises if prices increase by

20 per cent. An immediate bonus

night jump in the minimum month-

ly wage from the equivalent of 600,000 cruzeiros (USS43.48) to 800

cruzados (US\$57.97) hits some com-

Throughout last week companies

in various industries met to analyse

the effects within their sectors, and

government offices have been

On the positive side, company fi-

with the elimination of monetary

correction for inflation on outstand-

panies harder than others.

swamped with queries.

some employees and an over-

SUPPLY PROBLEMS and price month but also a discount for cash disputes have already erupted in payment. They say prices frozen rises or suspending production if agreements cannot be reached with of course, what is good for the as the dust begins to settle on last inflation factor of about 15 per cent month's economic and monetary reform package.

Brazilian business, while gen-erally aptimistic that the package has a lighting chance to halt the country's exploding inflation rate, is still reeling from the changes, on which clarification is expected in a Pricing and payment terms are proving to be the most cootentious area so far. Until February 28 companies worked on the assumption

that inflotion during the year would reach between 300 and 400 per cent, perhaps higher. But with the govrnment decree that inflation was to be zero for March (all prices were frozen from Fehruary 27), companies' plans proved useless. While President José Sarney enlisted citizens as price inspectors to

decounce illegal rises in retail prices for nearly 300 food, personal about his academic eredentials. hygiene and cleaning products, manufacturers were left to negoiate with their suppliers. Before the reform, supplier fi-nancing in price-controlled industries had government blessing to in-

audited account of Mr El-Sayed's

Yesterday it was revealed that

250m of a SKr 500m loan granted to Mr El-Sayed by Gotabanken to finance part of his recent purchases of more than 4m

Sayed would have been forced to sell out a considerable part of his Fermenta bolding to meet his

debt obligations. price has continued to fall

nary items NKr 2m (NKr 7m); profits before tax and end-year alloca-tims NKr 196m (NKr 22m). Share dealings contributed NKr 185m.

 Bonhur - profits before extraordinary items NKr 4m (NKr 17m in 1984); profits before tax and end-• Ganger Rolf - profits before extraordinary items NKr 5m (NKr 23m); profits before tax and endyear allocations NKr 110m (NKr year allocations NKr 306m (NKr 94m). Share dealings contributed

ompanies has squeezed some fi-On prices, difficulties vary, denancial institutions that previously pending on the industrial sector. made hig profits from funds invest-Before the reform measures compa-nies were allowed price increases curities. Before the economic reevery few months, so those compa-nies which had just received inform, it was common to earn 15 per cent a month, plus monetary correccreases had more of a cushion gotion for inflatinn nn overnight deing into the price freeze than those which had their last price rise

> per cent. To capture these funds banks built large branch networks and installed sophisticated computer systems. Now these investments will have to be re-examined.

gave an annual yield of 260 to 280

On the export side, the fixed exchange of 13.8 cruzados to US\$1 has added an uncertainty factor to export programmes. Because the exchange rate cannot remain fixed indefinitely without compromising Brazil's export competitivenes there is bound to be speculation as to when devaluations will occur.

If the economic measures work nancial directors have at least seen for the next two nr three munths, their cost of borrowings decline many companies believe the Government will have succeeded in encouraging production rather than Unable to pass on costs from expensive credit terms or prices that in effect increase – if the devalued cruzeiro is not used for converting cent annually and can enjoy the forthcoming can only be answered

# Olsen trebles pre-tax profits

Profits before extraordinary items

were in each case sharply down no

Details were:

that should be discounted.

Rather than give in, some suppli-

ers, particularly in the vehicle parts industry, have suspended deliver-ies. Mercedes Benz, Brazil's largest

huses and trucks maker, suspended

operations in some areas with em-ployees taking mandatory vaca-tions because of lack of parts. The owner of an auto parts com-pany described the impasse as a

matter of survival for some compa-

nies. "If a company didn't have its

receivables balanced with payables

going into the freeze, it's in trouble."

According to the decree that

created Brazil's new currency, the cruzadn, all bills and receivables

due over the next 12 months are to

be converted at the prevailing daily

rate for cruzeiros to cruzados, as the old currency automatically devalues at the rate of 14.6 per cent a

But some suppliers have dug in their heels and demanded conver-

sion at 1,000 cruzeiros to 1 cruzado

as fixed on the day the economic plan went into effect, regardless of

the maturity date.

nancing charges of 1.5 per cent a to cruzados - manufacturers are

BY FAY GJESTER IN OSLO

clude a 7 per cent financing charge

for payment terms of 30 days, or 14

per cent for payment in 60 days. But now manufacturers are pusb-

ng for not only more realistic fi-

IORWAYS Fred Olsen shipping ed substantial profits on share trad- 

Borga – profits before extraordigroup more than trebled pre-tax ing by each of the three companies. profits by its three stock exchange listed companies last year to a total were in each case sharply of NKr 612m (\$85m) from NKr 178m a year earlier as forecast.

Shareholders in each of the three are getting a one-for-one scrip issue and unchanged 20 per cent divi-

lend. 62m). Share dealings contributed Last year's improvement reflect. NKr 83m to the 1985 figure.

### Oriflame plans dividend rise

By Our Financial Staff

ORIFLAME, the direct sales cosmetics group listed in London, re-ports higher profits for 1985 and plans to increase its dividend. Helped by an acquisition and un-

derpinned by strong financial in-come, profits before tax rose to £5.9m (\$8.5m) from the £4.8m of 1984. The dividend is going up by 15 per cent to 24.5p a share. Oriflame is a Luxembourg-reg-

istered company

13rd February, 1986

This announcement appears as a matter of record only.

New Jame

Japanese Yen 25,000,000,000

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61/2% Japanese Yen Bonds of 1986, due February 13, 1996

(Ninth Issue)

Issue Price 101% per cent.

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Hazelwood Shipping S.A. Downside Shipping Company S.A. US\$38,000,000

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# INTL. COMPANIES & FINANCE

# **De Beers** doubles earnings

By Kenneth Marston, Mining Editor

THE GATHERING pace of the re covery in the diamond market cou-pled with the weakness of the rand has produced a strong second half of 1985 for South Africa's De Beers Consolidated Mines. Pre-tax profits in the period bave almost doubled to bring the full year's total to R1.58bn (\$557m) compared with R887m in 1984.

Earnings at net attributable level come out at R972m, equal to 288 cents a share, against R722m. The final dividend is raised to 40 cents from 27.5 cents to make a 1985 total

of 55 cents against 40 cents for 1984. The latest total is the higher since 75 cents was paid for 1980, at

ter which the rate was reduced.

De Beers' stockpile of unsold diamonds has eased to \$1.9bn, a fall of \$52m from end-1984 and the first reduction since 1977. Diamonds are priced in dollars and so the rand equivalent value has been in-creased to R4.89bn from R3.86bn by the rand's weakness

The weakness of the rand has, of course, boosted De Beers' domestic revenue from dollar earnings. However, demand for diamonds has increased and is broadening into the higher priced categories of gems. Furthermore, an easing in the dollar has helped diamond sales in

European markets. The Antwerp tax fraud investigations have had no adverse effects on the market. De Beers' Central Selling Organisation reported a sharp upturn in sales of roughs (uncut diamonds) in the second half of 1985 and the "encouraging trend" is stated to be con-tinuing. Helping matters is the re-duction in stocks of diamonds being processed at the cutting centres, coupled with a more restrained lev-el of Soviet sales of polished gems.

### Fluor reports first-quarter profit of \$6.6m

By Our Financial Staff

FLUOR, the big US engineering and construction group, yesterday reported a profit of S6.6m or eight cents a share for the first quarter ended January 31, helped by a \$24.1m gain from the sale of shares in St Joe Gold.

The result compares with a loss of 3325m or 41 cents a share a year earlier, which includes a gain of \$2.3m from discontinued opera-tions. Sales rose from \$927.5m to

The company said that although it was encouraged by first-quarter results, it expected that earnings re-

covery in 1986 might be uneven. It said management emphasis in 1986 would be to refine the operating strategies implemented last year, particularly in the area of cost effectiveness and expansion into new market centres.

Last year Fluor started a restructuring programme that resulted in a one time charge of \$410m.

The write-down, in the fourth quarter of last year, related to the company's oil and gas unit, which it agreed to sell; coal assets; and the elimination of goodwill recorded in the 1981 ecquisition of St Joe Min-

# Philips buyout bid for Australian arm

BY LACHLAN DRUMMOND IN SYDNEY

PHILIPS, the Dutch electrical goods group, is to offer AS10.8m (USS7.6m) to buy out the 25 per cent held by minority shareholders in its Australian off shoot.

The announcement accompanied the release by Philips Industry Holdings of its figures showing losses of ASS.34m in 1985 compared with profits of ASS.05m the previous

Extraordinary charges relating to foreign exchange losses, offset by profits from property sales, took the final loss to ASI8.8m. Philips intends offering 75 cents

for each outstanding share in the It said a major reason for its bid was to allow the local operation to

The offer price compares with a closing pre-bid market quote of 59 of ASIAI a share.

cents and with a net asset backing The latest loss came on a 14 per cent increase in sales to AS598m

global competitive strategy, the long-term objectives of which were

not always compatible with the

short-term interests of minority

In the past eight years Philips has had losses totalling AS63, offset

by three profitable years when AS26m was earned. Dividends have

been paid in only two of those

US \$200,000,000



MARINE MIDLAND BANKS, INC.

Floating Rate Subordinated Notes Due 2000

Interest Rate

75/8% per annum

Interest Period

12th Merch 1986 12th June 1986

Interest Amount per U.S. \$50,000 Note due 12th June 1986

U.S. \$974.31

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We've always enjoyed the sweet smell of our clients' success. And we'll go to great lengths to help them achieve it.

Take a certain wholesaler of toiletries, trading north of the Humber. Beset by narrow margins and widespread competition, he--decided his salvation lay in diversification.

Our local partners held his hand during the entire operation, drawing up the first bank borrowing proposal and reassuring those cautious coves with forecasts and projections that further loans were in order.

Our client's steady expansion has led us to seek yet more capital. This wasn't the simple matter you might expect, because his current assets weren't as pretty as his profit record.

Nonetheless, we sniffed out a promising offer of risk capital, involving equity participation.

There is, of course, a lot more to our

Corporate Financial Services than finding bundles of readies.

Our fragrant friend took on his first staff accountant a few months ago. Till then, we accounted for everything: from planning his

computerisation to doing the dreaded VAT returns.

But our purpose today is to emphasise our skill in tracking down capital from all sources, including the stock-market.

In choosing an accountant, you might, for instance, ask if he has access to a computerised database of all Government and EEC assistance. We found it very handy the other day in

finding funds for a client relocating in Sheffield. The knack in Corporate Finance is to look far ahead and far afield. And none are farther ahead in the field than Binder Hamlyn.

To: Rodney Graves, Binder Hamlyn, 8 St Bride Street, London, EC4A 4DA. Telephone 01-353 3020. Before I give you a field-trial, Td like some further information.

London/Ayr/Bacup/Bath/Belfast/Birmingham/Bury St Edmunds/Croydon/Dublin/Enniskillen/Glasgow/Leeds/Manchester/Newcastle/New Nottingham/Rochdale/Saltcoats/Sheffield/Stranraer/Telford/Wolverhampton/internationally Binder Dijker Otte & Co.

FINEUROP CONFIRMEC spo ore pleased to announce to all correspondents and friends that following a merger with Messrs. FINEUROP GAIC spo, the new denomination is

FINEUROP spa - Via Cervo 28, 20122 Milan (Italy) Telephone 02-5456281 / Telex 330446-322006 Paid-Up Copital 38,272 million It. Liras Reserves 12,396 million It. Liras

### PNC Financial Corp U.S. \$100,000,000

Floating Rate Subordinated Notes

Due 1997 In accordance with the terms and conditions of the Notes, the rate of interest for the interest period 12th March, 1986 to 12th June, 1986 has been fixed at 75% per annum. Interest payable on 12th June, 1986 will be U.S. \$194-86 per U.S. \$10,000 Note.

Morgan Guaranty Trust Company of New York
London Branch

U.S.\$100,000,000 Guaranteed Floating Rate Notes due 1994 Citicorp Overseas Finance Corporation N.V.

CITICORPO

Notice is hereby given that the Rote of Interest has been fixed at 7131s & and that the interest payable on the relevant Interest Payable Date, June 12, 1986, against Coupon No. 29 in respect of US\$1,000 nominal of the Notes will be US\$19.97.

March 12, 1986, Landon

CITIBANG By: Citibank, N.A. (CSSI Dept.), Agent Bank

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March 1956

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man

March 1986

# INTL. COMPANIES & FINANCE

# Canberra rejects BHP bid inquiry

A PRIME obstacle to Bell Resources' partial bid for Broken Hill Proprietary (BHP) was removed 'yesterday when the Australian Federal Cabinet decided, once and for all not to intervene in the 'takeover battle. The move thwarts BHP's attempts to put up a political barrier against Bell's bid.

The Cabinet took the decision

ND,

000

The Cabinet took the decision after having been satisfied with Bell's undertaking to maintain BHP's steel operations if it succeeded in the takeover.

Lest week, the Cabinet appointed a ministerial commitfee to seek asurances from both Bell and BHP on the future of the steel industry. The government has been under pressure from trade unions and members of the ruling Labour Party to intrevene in the takeover for fear that Bell would phase out BHP's biggest employee group,

Esso Australia and BHP are temporarily to close one of their 12 oil production plat-forms in the Bass Srait field from March 20, Reuter re-ports from Melbourne.

The decision reflects the need to review high-cost operations after the fall in world oil prices, they said. Production elsewhere was

After almost two days of discussions in Cabinet Mr Bob Hawke, the Prime Minister, revealed details of the commitments made by the Bell chair-Mr Robert Holmes à Court, these were that:

There would be no redundancies in the workforce before

BHP's ASLSbn (US\$1.05hn) capital investment programme for the steel division, would be more than sufficient to meet present demand, the companies added.

Kingish A, the platform to be shut, could be brought back into production in about 10 days. Esso said Bass Strait output would remain around 420,000 harrels per day, down from its peak in 1985 of 535,000 b/d.

continuous;

BHP's three integrated steel plants would be retained.
Mr Holmes à Court gave the additional commitment that if he took over BHP, he would consult both the Government and the unions before any major changes in operations are

introduced.

BHP management also committed itself to maintain cm-ployment security, retain opera-share acquisitions.

tions of the three steel plants, and invest at least A\$800m to upgrade the steel division.

Another important boost to Bell's hid came with a Cabinet decision to pass on to the Senate an amendment to the Australian Trade Practices Act which provides for an inquiry into the takeover of a monopoly company. The proposed government amendment, which has already passed the lover House, would allow the transfer of a monopoly without an

inquiry. The Cabinet, however, agreed to one demand from proponents of an inquiry, which was to review the tax laws governing takeovers. The Opposition have questioned the appropriateness of the tax deductability of interest on borrowings, especially overseas

# Hongkong Bank falls short of expectations

THE Hongkong and Shanghai Banking Corporation, which ranks among the world's top 20 banks, yesterday blamed falling oil prices, economic upsets in South-East Asia, and shipping industry problems worldwide for a lower than expected

HK\$2.72bn (US\$ 348.3m) compared with HK\$2.59bn, a result which is likely to come as a disappointment to market operators, who had been sig-

THE Hongkong and Shanghai nalling an improvement of year. Talking of the bank's linked with the collapse of the

Banking Corporation, which ranks among the world's top 20 banks, yeaterday blamed falling oil prices, economic upsets in South-East Asia, and shipping industry problems worldwide for a lower than expected 5 per cent profit growth in 1985.

Profits after tax and transfers to inner reserves were HKE2.72bn (US\$ 348.3m) compared with HK\$2.59bn, a result which is likely to come as a server over the year.

It will do nothing to improves sentiment after a steep fall on Hong Kong's stock exchanges yesterday. The Hang Seng index fell by 27.9 points to end the day of 1639.15, its lowest since October 18 last year. Ahead of the results, fers to inner reserves were Hongkong Bank's shares fell 15 cents to close at \$7.85.

between 10 and 15 per cent problem areas, he said: "We over the year."

Britsh Bank . " " Middle East (BBME), a wholly-owned subsidiary, suffered a serious sethack hecause of deepening economic recession in the oil-producing Gulf states, Mr Sandberg said. BBME profits fell to HK\$151m for the year compared with K\$262m, and dividend payments were dividend payments v trimmed by 20 per cent.

tainer operations, mainly held by Orient Overseas, the group's vessels under construction and its fleet of tankers and bulk carriers. A new holding com-

how severely profits had been dented. The board is recommending

a final dividend of 31 cents per

### HK Electric increases earnings 94%

By Our Financial Staff-

HONGKONG ELECTRIC improved attributable net profits by 94 per cent last year to HK\$1.2bn (US\$153.7m)—largely because of a substantially increased contribution from International City Holdings (ICH); a property company in which the utility has a controlling stake.

The dividend for the year has been boosted to a total of 56 cents from 45 cents, on earn-

ings per share of 89 cents against 47 cents. The results included an rhe results included an extraordinary loss of HK\$75m relating to provisions on the company's ceramics factory. This was none; the less down on a HK\$203m deficit charged against 1984 net earnings.

Large provisions were made

per cent to 50 per cent.

n for

MOR.

# C. H. Tung set to unveil restructuring proposals

C. H. TUNG, the deeply troubled into separate companies its cooprivate Hong Kong shipping group, and Orient Overseas Holdings, its publicly quoted subsidiary, are due later this work to appropriate week to announce a corporate reconstruction aimed at salvag-ing the group and placating creditors which are owed around US\$2,4bn.

First signs of serious trouble inside C. H. Tung, Hong Kong's second largest shipping group second largest snipping group with 111 vessels, emerged last September when Orient Over-seas said it had arranged a HK\$1bn (US\$128m) line of credit "to maintain its working capital, position."

The group has more than 70 creditors the majority of which

creditors, the majority of which are Japanese. The complexity against 1984 not earnings.

Large provisions were made in that year covering the company's stake in ICH, which has since been increased from 35 per cent to 50 per cent.

expected to involve hiving off

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Dutch Guilders 150,000,000

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### Court hearings open on Minebea offer

By Yoko Shibata in Tokyo

COURT PROCEEDINGS opened in Japan yesterday hetween Minebea, the ball bearing maker, and the investor group which is seeking to mount a hostile takeover bid.

pany, amalgamating the public and private groups, is then likely to provide an umbrella for the new companies. The Ueda branch of the Nagano district court is to hear an application by Tratalgar/ Glen of the Virgin Islands, a British-US joint venture formed The group is also close to The group is also close to agreement on substantial financial hacking from a mainland Chinese group, thought to be the China Offshore Shipping Company (Cosco). The cash injection is expected to amount to between US\$100m and US\$150m. with the purpose of taking over Mioebea. It is seeking the annulment of Minebea's merger with an affiliate and a convertible bond issue on the grounds that these moves are intended only to prevent a US\$150m.
Cosco, which controls main-land China's international ship-ping fleet, would in return

takeover.

The uny's hearing, however, was blocked by a Minebea challenge that Trafalgar Glen should make a deposit for court costs as it has no office in Japan. The next hearing is scheduled for April 18.

# VOLVO

TO THE SHAREHOLDERS OF AB VOLVO

AB Volvo, parent company of the Swedish automotive and energy group, announces that a total of slightly more than 33.2 million of its restricted B shares have been tendered for conversion to unrestricted B shares in accordance with the offer made by the company on November 21, 1985. After applying a proportional allocation method and rounding fractional entitlements to the nearest whole share. Volvo will convert 9,972,091 restricted B shares

Accordingly approximately 30 per cent of the restricted B shares tendered by each shareholder will be converted to unrestricted

New share certificates for Volvo's restricted and unrestricted B share certificates for volvo's restricted and unrestricted by Shares will be distributed forthwith by Vardepapperscentralen VPC AB (Swedish Securities Register Centre) to replace the tendered shares. The new share certificates are expected to be available from March 10, 1986.

# Losses mount at Saan

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Associated months had been exceptionally Newspapers (Saan), publisher of the Cape Times, Financial Mail paper industry. Advertising and Johannesburg Sunday revenu Times, increased its losses in terms. 1985 even though it closed the Rand Daily Mall and appointed a new chairman and managing

director.

Turnover fell to R129m high profitable Sunday Times (\$64.9m) from R138m. Although the operating loss was reduced affected by poor advertising. to R7.8m from R8.3m, an increase in interest payments and reduction in investment income led to a wider pre-tax loss of R12.51m against R7.45m. The financial year-end has been changed to March 31 from December 31 and the current financial period will be the 15

months to March 1987.
Mr John King, the new managing director, sald the past 12

revenues fell 16 per cent in rea

The loss-making Business Day, which replaced the Rand Daily Mail, is expected to make

The loss per share increased to 700 cents from 315 cents, and a dividend has not been declared. In 1984 a dividend of 25 cents was paid.

Saan is controlled by Johannesburg Consolidated Investment, which in turn is controlled by Anglo American Corporation Corporation.

### Strong advance at Burns Philp

BURNS PHILP, the diversified Australian retalling and trading group, continued its recovery in the half-year to December

in the haif-year to December with a 28 per cent improvement in net earnings to A\$19.7m (US\$13.8m).

The increase came on a 3 per cent rise in salea to A\$636m

The pre-tax result was up 30 per cent to A\$26.44m and tha company's equity share of associated as the company's equity share of

company's equity share of asso-ciates' income in excess of dividends was up from A\$2.2m to

The interim dividend is being raised from 9 cents to 10 cents a share on per-share profits of 30.3 cents against 23.7 cents.

Aid for broker

J. BALLAS, a Singapore stock-broking firm, has won permis-sion to borrow \$\$8.6m (US\$4m) from a lifeboat fund set up to help brokers with liquidity problems, Renter reports from Singapore. The money will repay hank loans involved in a forward share purchase deal which another broking firm failed to fulfil.

> **NEDLIBRA FINANCE B.V.** Roating Rate Notes due 1993 teed on a subore

For the three months 12th March, 1986 to 12th June, 1986 the Notes will bear an intarest rate of 7174% per annum and the coupon amount per US\$100,000 will be US\$1996.53

All of these securities having been sold, this announcement appears as a matter of record only

NEW ISSUE



4,000,000 Shares Common Stock

The First Boston Corporation

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Hambrecht & Quist Lazard Frères & Co.

Wertheim & Co., Inc.

Pan-Electric group damaged Hongkong Bank's performance Morgan Stanley & Co. in an already depressed market. Mr Sandherg did not disclose L. F. Rothschild, Unterberg, Towbin, Inc. Shearson Lehman Brothers Inc.

economic recession in the oilproducing Gulf states, Mr
Sandberg said. BBME profits
fell to HK\$151m for the year
compared with K\$262m, and
dividend payments were
trimmed by 20 per cent.
In South-East Asia, prohlems

a final dividend of 31 cents per
share, making a total for the
year of 46 cents. The payout
for 1985 amounted to
HK\$1.45bm, a 10 per cent
increase on the HK\$1.32hn
handed out in 1984. The bank
has also recommended a one-forfive capitalisation issue.

**Barclays Merchant Bank** Lazard Brothers & Co.

Crédit Commercial de France Morgan Grenfell & Co. J. Henry Schroder Wagg & Co.

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# International Commercial Bank PLC

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Extract from Audited Accounts 31st December, 1985

1984 1983 000£ £000 £000 Share Capital and Reserves 57,084 51,978 47,117 Subordinated Loans 23,192 28,890 23,088 1,187,629 Deposits 940,140 967,711 **Total Assets** 1,039,964 1,286,550 1,053,486 Consolidated pre-tax profit 11,790 10,948 10,852 Dividend paid 1,200 1,200 1,200

The Hongkong and Shanghai Banking Corporation Irving Trust Company The First National Bank of Chicago Commerzbank A.G. Credit Lyonnais Banco di Roma International S.A.

All of these securities have been sold. This announcement appears as a matter of record only

February, 1986

# BUSINESSLAND

\$35,000,000

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The Debentures are convertible into Common Stock of the Company at any time prior to maturity unless previously redeemed, at \$10.875 per share, subject to adjustment under certain conditions.

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L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

Morgan Bank Nederland

March 12, 1986

Carla Rapoport reports from Seoul on Daewoo Heavy's proposed convertible bond

# S Korean market in play for world status

SOUTH KOREA'S second convertible Eurobond is expected to be announced in the new few weeks by Daewoo Heavy Industries, the diversified group whose interests range from robots to railway rolling stock. According & executives in Korean floancial intitutions, however, the terms for the Daewoo Heavy issue are being hotly dehated amid conflicting national and private interests. national and private interests.

Convertible issues for South

Korean borrowers, pioneered by Samsung Electronics last December, represent the country's first step towards allowing direct foreign investment in Korean securities. The Sam-sung convertible option can be exercised in September 1987. After that purchases by foreigners in the Korean Stock Exchange are expected to he

The \$20m Samsung issue gave rise to controversy at home and -something thal Korean officials would prefer to avoid in the next issue, which is ex-pected to be launched in May

rose by just over 30 per cent. Even so, Samsung obtained attractive features ouch as a floating premium and a low

coupon.
Daewoo Heavy wants the same terms as Samsung, though it is understood that one of the big Japanese securities houses is proposing a package which gives Daewoo Heavy even better terms.

Korean securities firms and government officials are wringing their hands in dismay, as most believe that Korean companies must learn to live with less, not more if Korea io to establish itself as a solid member of the international esta blish

issues and they don't like the idea of tough terms and conditions," said a top executive at one of Korea's leading securities firms last week. Korean securities firms are not yet allowed to lead managa convertibles, though they are allowed to participate in the underwriting.

Since the Samsung issue, the Korean stock exchange bas continued to surge. The composite stock index has risen from around 160 at the end of last year to around 185 at the end of last week. Average daily volume is setting new records as well, hitting 83m shares last Thursday, compared to the previous high last December 26 of around 68m shares.

A further leap in price following the announcement of the next convertible would be even more embarrassing to Korean officials. As a result, steps are the next issue, which is expected to be launched in May or June.

In its first weeks of trading, the Samsung issue traded helow ready for the opening of our of Finance officials stepped

ket, announcing divideod taxa-tion measures which helped to In the longer term, officials

are attempting to bring more order to the market hy increasing institutional involvement. Currently, Korea's three international investment trust funds put only 15 per cent of their funds into Korean equities. This year, according to the Korean Investment Trust Company, the percentage will increase to 20 per cent. This could bring a welcome aid to the Seoul Stock Exchange, as KITC manages assets worth about \$2.6bn.

Leading the rally, not sur-prisingly, are the I8 companied deemed eligible to issue con-vertibles. Daewoo Heavy, for ex-ample, was trading at around Won 1070 last week, more than double its price a year ago double its price a year ago. Other companies tipped to issue convertibles this year are also trading on multiples almost unheard of in Korea, where the average price/earnings ratio for companies has long been around

market. Unfortunately, Korea's into the over-heated stock mar- is trading on a historic multiple of 18, according to Daewoo Securities, while Gold Star, Kia Industries and Daewoo Heavy are trading on around 22, 15 and 15 respectively.

For most, these kinds of changes are not bappening fast enough. South Korean comenough. South Korean com-panies' financial reports still fall far short of international accounting standards, while any legislation on investment advisory services has yet to be passed. Daewood Securities passed. Daewood Securities itself admits it is only in the business of "positive" research.

attention will be focused on Daewoo Heavy. Korea's second Daewoo Heavy. Korea's second ambassador ioto the international capital markets. As Korea's largest manufacturer of heavy industrial equipment—from rolling stock to rohots—Daewoo io in a strong position to demand good terms for its convertible. Yet, wide distribution and a positive reception from investors may prove even more important to Korean officialo over the longer run. At the moment only a gambler or 5. the moment only a gambler Hyundai Molors, for example, would bet on the outcome.

# Shake out of gilts dealers predicted

SOME of the 29 securities authorities were to allow one bouses entering the new to develop.

London gilts market as primary Turning

Financial Times conference on market value of \$2bn equivalent. Factors encouraging the fitself admits it is only in the business of "positive" research.

For the time being, therefore, attention will be focused on Daewoo Heavy. Korea's second ambassador ioto the international capital markets. As Korea's largest manufacturer of heavy industrial equipment—from rolling stock to rohots—from rolling The Euromarkets in 1986 Mr

Those institutions which would become inter-dealer would hrokers were most likely to benefil from the deregulation of the gilt market, because they would have a captive market and the opportunity to earn commission business without associated risk.

Mr Hambro was optimistic to benefit from mercandly in the professional liquidity after deregulation. said that professional liquidity after deregulation liquidity after deregulation. Said that professional liquidity after deregulation li other sterling instruments more

Turning to the prospects for London gilts market as primary dealers are likely to opt out at an early stage — prohably leaving the market to be chief executive and deputy dominated by the hig US chairman of Swiss Bank Corinvestment institutions, which will be able to treat their operations as loss leaders.

Description which are all their control of the prospects for an international primary market in equities. Mr Andrew Large. Chief executive and deputy chairman of Swiss Bank Corporations as loss leaders. Raising this possibility yes at present. Last year had seen terday in an address to the 21 Euroequity deals with a Factors encouraging the

> this environment. In particular it was essential that definition of inter-professional dealing should be ensbrined in investor pro-

> tection legislation. Several speakers stressed the importance of UK investor protection legislation recognising the special nature of the

Mr John Sanders, a director about the opportunities for of S. G. Warburg, and chairman other sterling capital markets of the International Primary to benefit from increased Market Makers Association

of Goldman Sachs and member of the hoard of tha Association attractive. He also stressed the of International Bond Dealers, on easing developing countries' opportunities that would be felt it would be helpful if a debt problems was inadequate provided by a sterling commercial paper market, if the two types of authorisation; for created by the fall in oil prices.

THE **EUROMARKETS** IN 1986

FINANCIAL TIMES,

CONFERENCE

those wishing to deal with retail investors and for those involved only in professional dealing. Mr Archibald Cox, managing

director of Morgan Stanley International, spoke of the practical difficulties that would be presented if market makers were required to record com-prehensive details of all trans-With regard to the impor-

tance of a sympathetic environment in London, Dr Michaed von Clemm, newly-appointed chairman of Merrill Lynch, regretted adverse press comment on the "salaries war" taking place in the City.

Speaking for the Stock Exchange in London, Mr Graham Ross Russell, deputy chairman, pointed out the efforts that were being made to maintain London's central role in the global markets of the future.
Mr Frederick Joseph, deputy chairman and chief executive officer of Drexel Burnham Lambert, considered the viability of a global market developing in high yielding (often called junk) bonds.

Mr Denis Healey, UK Labour Party spokesman on foreign affairs, said the Baker initiative

# Flood of new issues prompted by low interest rates

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL BOND mar- US Treasuries of just 30 basis Suisse First Boston. Nationkest were again very firm yester-day, prompting a new flood of Like issues from horrowers anxious deals, an SSOm ten-year issue to lock into long-term funds at for Fuji Electric, this deal is

European currencies, bul o time of markel speculation strong opening on Wall Street about possible further rale aloo pushed doilar Eurobonds drops.
higher as investors began to Dair

However, bankers say some is a teo-year deal with a cou-borrowers are now giving in to pon of \$1 per cent and an issue the temptation to launch deals on terms which actually anticion terms which actually anticipale a further decline in rates. As a result, seasoned issues in the secondary market offer better value 10 investors than some of yesterday'o crop of new bond is callable after seven bond is callable after seven bond is callable after seven

A case in point was Imperial Chemical Industries, a very rare name in the dollar sector. It launched a \$100m, 10-year 8 per cent Issue at 100; through UBS (Securities).

For the first time on an issue for this borrower, the terms were set as a result of competi-

current low interest rates.

Much of the early secondary tures. Bankers say thio makes market action concentrated on the deal more attractive at a

speculate about a possible further cut in official interest rates.

However, bankers say some

However, bankers say some

However, bankers say some

However, bankers say some

However, bankers say some Daiwa Europe Is leading the

> Norsk Hydro also launched a years at 1011, declining by half a point annually thereafter. Norsk Hydro, the Norwegian energy and industrial group, is a particularly popular name on the continent. The call provision apparently had little impact on the deal's reception.

The sterling market saw re-

Like another of yesterday's seven-year, 101 per cent deal eals an 880m ten-year issue priced at 101. Theboud is likely to be swapped for floating rate

Societies.

Bankers believe that the franc paper remains strong despite the imminent elections. in mind. The two other fixed rate building society bonds launched last week for the Hall-fax and the Leeds were both trading at higher yields yester-day, making Nationwide's pric-ing look aggressive ing look aggressive.

The second issue yesterday was a conventional floating rate note for the Bradford and Bingley Building Society. The interest margin on its £100m, 12-year deal has been set at 1 point over the three month London interbank offered rate for Eurosterling deposits. Orion Royal Bank brought Chrysler Credit of Canada to the Canadian dollar sector for a

C\$75m, five-year, 10 per cent deal priced at 100\(\frac{1}{2}\). Among other currencies, the

Led by Credit Commercial de cent private placement at par rance, this 1-year, 83 per cent for Mitsubishi Motors Corpora-France, this 1-year, 82 per cent issue met strong demand and traded around its issue price of par last night. At this level it finance under new rules announced by the Registry of Friendly Societies. which suggests that interest in French

> Some bankers believe the Treasury might therefore allow a further issue to be inserted into this month'o calendar once the elections are over, but it yesterday indicated its opposition to an increase in the amount of the SEK

> Swiss franc issues wera firm in active trading. Nippon Tele-graph and Telephone launched a SFr 300m, two tranche issue divided into a SFr 200m, 10-year portion with an indicated coupon of 5 per cent and a SFr 100m, 20-year portion at 51. Lead manager is SBC.

The Austrian province of Styria is raising SFr 100m through a 15-year Issue carrywere set as a result of competitive bidding and this produced an aggressive pricing with a net launch margin over comparable two deals, both led by Credit Swedish Export Credit (SEK).

The sterling market saw referred frame featured with a ing an indicated coupon of 5 per particularly strong response to the latest FFr. 600m issue for Privatbank. BC is also leading Swedish Export Credit (SEK).

tion and a SFr 80m placement with equity warrants for Itoham Food, which carries a 21 per

cent indicated coupon.
Soditic has cut the inidcated coupon on its SFr 200m public issue for Australia's FAI Financial Services to 5; per cent from 5;

D-Mark bonds roce by up to points in very active trading, though issue activity was subdued. The International Finance Corporation, an affiliate of the World Bank, is raising DM 100m through a 10year 5; per cent private placement carrying an issue price of 99; and led by Deutsche Bank.

Banque Internationale Luxembourg is arranging a LFr 300m, six-year 8; per cent private placement at par for the European Investment Bank. Priced yeslerday in the dollar sector were lbe \$100m

equity warrant issue for Omron Tateisl and the \$50m deal for Fujita. Nomura has set the coupons at 4 per cent on both

### Rule change by big Swiss syndicates ...

CREDIT SUISSE said yester-day that it had doubled its innovative dollar-coupon per-petual for PepsiCo from SFr 200m to SFr 400m, mak-ing it the largest public offer-ing so far on the Swiss market. It became clear at the same time that the blg Swiss same time that the blg Swiss underwriting syndicale had been working under rules which have allowed two of its members. Union Bank of Switzerland and Swiss Bank Corporation, to keep ont of the PepsiCo deal...

The blg three Swiss banks cut fees for foreign borrowers and loosened syndicate rules for allocating placement quotas on January 15 in reaction to the grawing competition from US banks within Switzerland and from the de-

Switzerland and from the de-regulated D-Mark bond mar-

They did not then disclose their new understanding over participation. The banks now distinguish three categories of issues. The first covers bread-and-better straights, floating rate notes and oingle currency perpetuals in which participation is mandalory on syndicate members.

The second category in-cludes dual-currency issues, in which the market leader has to invite participation, though other members have the right to decline. The third comprises non-debt instruments, such as warrants, where a bank can act without inviting.
Both UBS and SBC denied

yesterday that the newstruc-ture signalled the breaking ture signalled the breaking up of the big bank syndicale which has dominated the Swiss franc issue business for decades.

SBC and UBS could boycott Credit Suisse's PepsiCo issue because its dual-currency nature put it into the second category.

nature put it into the second category.

The PepsiCo pepetual carries a 7½ per cent conpon. payable in dollars at the opot rale of SFr 1.869 on the day of lanneh. An a SFr 5,000 bond the investor gets annual interest of \$200,64.

The coupon is cheap for Pepsico, which would hav eto pay around 9½ per cent on the US market. It offers the investor a more attractive yield than the 5½ to 5½ per cent he would get on a comparable straight Swiss franc perpetual.

parable straight Swiss franc perpetual.

PepsiCo has a call option at 10 years when the ecupon will be reset at 50 hasis points below the yied at the time on 10-year Treasury noies. The investor recieves SFr 5,000 if the option is exercised.

The investor has a put option under which he would get back his SFr 5,000 if the... dollar rate equals or is above dollar rate equals or is above

EASTMAN KODAK, the latest gramme will be Citicorp Invest- bank, US company to announce a ment Bank, Credit Suisse First Boston and Lebmen Brothers.

Eurocommercial paper programme, is to raise up to gramme, is to raise up to S200m as a supplement to its existing borrowings in the New control of the programme will be control of the programme will be credit Suisse First Boston and Lebmen Brothers.

Also tapping the market is Dyno Industrier, a diversified Norwegian chemicals and explosions and programme will be control of the programme will be control of the programme.

\$200m paper programme for Kodak

existing borrowings in the New Sives company, which has dollars. Merrill Lynch and York paper market, writes appointed three dealers to Citicorp have been appointed Peter Montagnon, Euromarkets Correspondent, Morgan Slanley, Bank of for Sparebanken Nord of America and Den norske Credit-

Skanska Banken of Sweden has launched a \$100m through Morgan Stanley and UBS (Securities). Funds can he raised in Ecus as well as dollars. Merrill Lynch and Citicorn have been appointed. Citicorp have been appointed dealers in a \$75m programme

### FT INTERNATIONAL BOND SERVICE

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### **TECHNOLOGY**

# Study into software for space

By Peter Marsh

TENEST CO.

FIFTURE manned space plat-forms will rely heavily on com-plex software to control equip-ment which provides energy and air, and to control communications with ground

Logica, the British computer company, is involved in studies worth £350,000 with European genspace concerns to ensure this software is free from errors and works as effectively

The company is working on the projects with Aeritalia of Italy, British Aerospace, and Matra of France. All the studies are linked to work by studies are linked to work by the European aerospace indus-try — under the leadership of the Paris-based European Space Agency — to design a manned space module called Columbus. This is due to plug into the central US core of an inter-national space station planned for the 1990s. In the work with Acritalia

the interest could be retired to the interest could be retired tou

of Swelz Om throng and IE ds can b as well : Lynch as

for the 1990s.

In the work with Acritalia, Logica is devising a set of software which could run equipment in a pressurised isboratory which is to be the main part of Columbus. The programs would ensure that lifesupport equipment is working properly and monitor other

property and monitor other mechanisms such as computer-run scientific experiments. With British Aerospace, the computer company is defining how to automate ground stations which send messages to orbiting platforms. Other tasks may be to devise ways to route instructions from space via the main ground centre of other statious around the world.

In colloboration with Matra,

Logica is working on new distribuled computing techniques to link up a number of compu-ters, all of which may be con-cerned with some segment of operations on an orbiting vebicle.

A module such as Columbus will generate larga amounts of data—including information from experiments, and basic "housekeeping" data about the status of equipment on the station. A number of computers would take responsibility for processing this information. Apart from Matra, Dornier of West Germany and Selenia of Italy are also working on dis-tributed computing techniques in relation to Columbus. This effort is being co-ordinated by the European Space Agency's technical centre at Noordwijk, Holland, which is building an

engineering test bed to run trials on software.

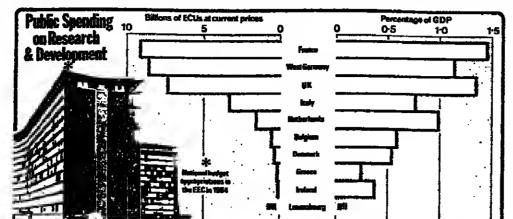
THE drive to strengthen the leconological base of Europe now next to godliness in the canon of the Community—is forcing the European Commission to define how competitive the competition regulations

oughl to be. Its latest step in a long-run-ning exercise of interpretation will be soon to publish a set of guidelines on how far and In what way governments will be permitted to subsidise civil re-search and development. For the Commission, charged

nnder the Treaty of Rome set-ting up the Community to act as competition policeman, this is o difficult and messy area.

To start with, the Commission is not certain exactly what it is policing. It believes that there has been a quolitative change in the nature of subsidies offered by governments over the last five or six years. Government support has shifted away from a narrow concern to revitalise narrow concern to revitalise declining sectors and is increas-ingly being scattered across o broad range of high-technology

But, governments of the Ten, now the Twelve, have not been better than patchy in meeting their obligations to inform the Commission of the subsidies press for more.



Paul Cheeseright on a problem facing Europe in its quest to strengthen technological base

they are paying. So the Commission, trying to grip the situotion, will start forming an inventory of subsidies as soon as the new guidelines are pub-

It is doubtful whether such an inventory will ever be published in detailed form. The Commission does not want to fuel US secusations of hesvy subsidisation in the Community. nor does it want to give political levers to those who receive small subsidies so they might

There is no uniform pattern of official research and development (R & D) spending in the Community. In 1984 national budget appropriations 31.07bn. But the percentage of GDP (gross domestic product)

laken up by publicly funded R & D ranged from 0.24 in Greece to 1.45 in France. The second point of difficulty for the Commission is the nature of the Treaty of Romc itself. The Treaty bas a

general ban on subsidies but permits exceptions where "they are intended to facilitate the development of certain activities or certain regions." The exceptions, however, should not distort trade.

So there is a balance — is the damage of subsidies less harmful than the damage of not giving them? In the end, the judgment is political rather than doctrinal. If it is political, then it is a juggling sct.

The general political line is

clear. The guidelines, spon-sored by Mr Peter Sutherland, the commissioner for competition, state: "The aim of competition policy is to improve the international competitiveness of Community industry." Therefore the rules have to be applied in o way which encourages cooperation in spreading new technology

That means general approval for R and D subsidies, but not to blank cheques. The guide-lines serve notice that each case will be considered individually.

The approach is that basic industrial research can attract more subsidy than applied R. and D. And by "basic," the Commission means up to the stage of the construction of the first prototype. After that, concern about trade distortions becomes more acute. becomes more acute.

Because this is a juggling sct.

Because this is a juggling sct.

however, the approach is not

absolutely cut and dried. If
there are cases of state funding
which have an especial economic
importance, or where they are directed st Community projects, or involve small and mediumsize companies, then the rules can be bent a hit further.

Generally, according to the guidelines, the subsidy should

EEC looks to flexible policing of research subsidies not be worth more than half the gross cost of a project. This is alresdy the benchmark figure for Community funding of Community projects: componies are expected to pay as

> the market ploce, the less should be the extent of the subsidy. "The Commission in its examination and evaluation of national proposals will look in principle for progressively lower levels of aid," say the

guidelines.

The Commission is relaxed about the way subsidies are paid-grants, soft loans, guarantees, tax concessions and so on —but, and bere the notification question comes up again, it certainly wants to know beforetotal cost is Ecus 20m or more.
Eligible costs for subsidising—the costs the Commission will add up when assessing the value

of a subsidy—include those for personnel, materials, instruments, land, equipment, consul-tancy services and overheads incurred directly as a result of the R and D.

A MOVING *EXPERIENCE* International **Handling** and Storage Exhibition NATIONAL EXHIBITION CENTRE BURMUNGHAM 18-21 MARCH 1986

It is clear that the Commission is not going to turn down state-funded R and D projects. It has never done so. What it will do is to temper the conditions of the subsidies from time

Last year, for exomple, it approved the UK's £350m Alvey programme virtually on the nod, but obtained changes in a West German micro-electronic pro-

In the latter case it argued that subsidies for research in software at major companies were not justified because the work planned was normal company octivity. And it obtained from the Germon authorities an from the Germon authorities an undertaking that the subsidies would go only to smaller companies which otherwise might not have done the work at all. The only case it is now working on involves Dutch and German subsidies for a joint Philips-Siemens development of a megachip. The Commission has called for more information hefore making up its mind The keynote of the guide-lines, bowever, is flexibility. In hefore making up its mind whether the Treaty of Rome can whether the subsidies.

# Neater and better-performing radar system from Plessey

MILITARY RADAR size, weight and performance will improve with newly developed microwave devices from Piessey, the UK cleetronies group. These use gallium arsensed, the new high speed completely. semiconductor.

Increasingly, military radar designers are using "phased array" technology in which the familiar rototing or nodding dish aerial is replaced by a stationary box structure in which the four vertical faces, each o few feet square, are covered with small metallic radiating ele-

By computerised timing of the microwave energy epplied to each element, it is possible to create and move the radar beam into any direction in the surrounding sky at high speed. The radar can then acquire and display a number of targets, virtually

WORTH WATCHING

**EDITED BY GEOFF CHARLISH** 

at the same time, and track them simultaneously. This gives more immediate results than rotating systems, where the user bas to wait for the dish to come round to the same position again before the larget is repainted" on the screen. Known for a decade, the

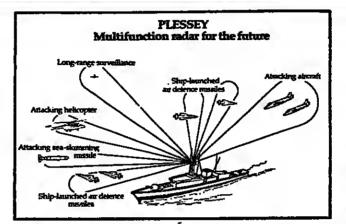
new technique bas been cumbersome to apply because each of the elements, which can number thousands per foce, must be fed by individual microwave units. With conventional devices the bulk can be unocceptable, not just in aircraft but also on ships The new Plessey galilum

arscride monolithic devices for transmission, reception and timing are millimcires in size, rather than inches using older technologies. So they can be accommodated very close to cach element on the oerial, reducing both size and weight. Ultimately Plessey plans to make such systems part of the skin of aircraft

In addition, more elements can be accommodated per face, which improves performance and accuracy of the radar. It also becomes possible to use one radar per ship instead of one for each weapon or navigotion system.

FLUID BED combustion, obie to burn low grade coal in an agitated bed of finely divided particles, is to be used in a

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by Sulzer Brothers of Switzer land and Cockerill Mechanical Industries of Belgium, Reduced polintion and 2 smaller cooling water demand are additional advantages.

Sulzer claims this will be the first commercial opplica-tion of fluid bed technology in the power generation market, although it has been used for some years in waste incineration and industrial boiler plants. In the UK, Sulzer is on 0252 544311.

ELECTRONIC DROPPING on computers by picking up their stray electromagnetic field—often possible up to distances of 1,000 yards—can be prevented using glass laminates containing a thin metallic layer. The layer has little effect nn transparency but prevents electro-magnetic radiation.

More from the makers, Security Laminators of Con-sett, County Durham, on 0207 500000,

# Finnish improvement to windscreen production

VEHICLE WINDSCREENS can be made in any size of production run by o program-mable furnace developed by Finnish company Tanglass of Vehmaistenkatu 5, PO Box 25, SF-33730, Tampere 73, Fin-

Blanks for different vehicles can be fed in and vehicles can be fed in and processed in sequence without interruption. A new bending process is controlled by a microprocessor which stores date nn hundreds of different shapes and sizes. From 20 to 50 windstreens can be dealt with per hour. Tamglass estimates that with an energy efficiency of about 5 km per square metre. about 5 kw per square metre, electricity savings alone will repay on investment in the furnace in five years.

VEHICLE location systems will be developed under a joint venture agreed by Securicor and Wimpey.

The experience of Securicor in mobile commu-nications (it is a founder of Celinet, one of the UK celiular radio networks) and tbat of Wimpey's subsidiary, Wimpel, in navigotion and positioning systems, will be

positioning systems, will be brought together.

Design is already weti advanced for n system that will display the location of members of a vehicle fleet at o central operations centre. Demnistrations are planned for this summer.

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# United Biscuits advances by 17%

United Biscuits, which is involved in a takeover battle with Hanson Trust for Imperial Group, yesterday announced 1985 pre-tax profits of £102.2m, up 17 per cent on £87.2m the previous year.

However, its earnings per share of 19.1p are unchanged from 1984's adjusted figure.

The profit figure—on turnover up 9 per cent from £1.74hn to £1.91bn—was just ahead of United's earlier estimate of about £100m. The final dividend of 5.15p (4.8p), making 8p for the year (7.5p) was announced last month when it launched its bid for Imperial. United's charge elected unchanged shares closed unchanged at

Sir Hector Laing, the chairman, said that in the second balf all sectors of its business on both sides of the Atlantie bad made very significant progress, and he had every confidence that progress would eontinue. Sales in the UK bad increased

by over 10 per eent and trading profits by 14 per cent. The two

core businesses, UB Biscuits (including Terry's) and KP Foods, bad produced profit increases of 7 and 12 per cent respectively. UB Biscuits had trading profits of £46.6m (£43.6m) and KP £26.7m

(£23.9m). The frozen foods manufecturing division produced its bestever performance, with sales np by 10 per cent, and profits increased by £2m to £3.1m. However, the wholesale frozen food distribution business had a

disappointing year. The two restaurant chains -Pizzaland and Wimpy—saw combined profits increase by 44 per cent to £10.1m.

In the US, the profitability of Reebler had been severely affected in the first querter by the continuing "cookie war." but recovery already reported for the second of the se for the second quarter continued throughout the year. Trading profits in dollar terms exceeded those of 1984, though in sterling terms they were down by 2 per cent to £31.8m.



Sir Hector Laing, chairman of United Biscults

end of 1985 Reebler's share of the cookie market was 13.5 per but merely reviewed them for cent, its highest ever level, compliance with the Takeover Keebler was the only national biscuit company to bave Sir Hector said that by the biscuit

increased its share of the com-bined cookie and cracker market

in 1985.

The profit and loss account includes £14.3m net of extraordinary items (£2.6m), largely due to the closure of the group's Philadelphia bakery. After a £31.1m tax charge (£24.7m), profits attributable total £71m (£62.4m).

Meanwhile, Hanson yesterday announced that it had increased its bolding in Imperial to 7.86 per cent. United already bolds 14.9 per cent.

• In a separate development, the Takeover Panel issued a from Imperial which had claimed thet all of its edvertisements attacking Hanson had been "approved" by the Panel.

The Panel said Imperial's

statement might lead to mis understanding. It did not "approve" advertisements for factual accuracy or good taste

# Jadelle pleased by Macarthys bid lapse

THE BID for Macarthys Pharmaceuticals from Jadelle, the beat the market. This consists of the board. The company formed by e group of investment trusts for the purposes of the offer, has lapsed. Acceptences by the second closing dale yesterday totalled agements to be replaced, and before the bid, then undervalued were their man
agements to be replaced, and before the bid, poses of the offer, has lapsed.
Acceptences by the second
closing date yesterday totalled
9.07 per cent. giving Jadelle a
total of only 45.87 per cent.

The result is represented by Lazard Bros, advisors to Jadelle, as the desired outcome of a neetly planned operation. John Govett, the invest-ment trust group which was the moving force behind the consortium, ean point to a post-bld price of 385p, against a bid price of 285p, end a very band-some paper profit on its first purchases of Macarthys shares 13 months ago at 161p.

According to Mr Peter Grant, deputy chairman of Lazards.

then going about replecing

Govett had already successfully implemented the ploy in the case of Lep Group, the international freight forwerder. Lep's new chairman, Govett-appointed Mr John Read, is now also a Govett-appointed director of Macarthys.

In Mecarthys' case. Govett first moved into the sbares in February of last year, had 15 per cent by June, and made its consortium bid at the beginning of January. At the same time the consurtium used a second tactic against the incumbent

Thet meeting was never called, nor indeed publicised. Faced with the consortium's near-40 per cent holding even before the bid, the manegement before the bid, the manegement egreed to step down on condi-tion that the bid terms be slightly improved.

The bid, bowever, was by then irrelevant; it was never Govett's intention that it should succeed, merely that other sharebolders should be made to notice what was going on in Macarthy's boardroom. As Peter Grant puts it, "if they liked the look of whet we were doing they wouldn't accept, they'd come along for the ride—which they've done with e vengeance."

And so Macarthy's bas a new chairman, Mr Nick Ward, who Govert has hit upon a way of management, that of proposing won his spurs as managing institutions tackling the perennial problem a shareholders' meeting which director of the retailing activity of the coin."

of the fund manager—how to would recommend the unseating ties of Guinness. He was intro-beat the market. This consists of the board. year, when its bolding went through the 15 per cent level; joined the board, along with the bead of the Jadelle con-sortium, Mr Dwight Makins of

Meanwhile, says Mr Grant of Lazards, "we'll do this again, Whether the candidate will be in the list of Govett's holdings I ean't predict, but it's a sensible way for the institutions to go. Companies are always complaining thet sbereboldera take too sbort term a view: this involves a longer-term commit-ment—though, of course, in-dustry has to accept a degree of power-sharing with the institutions as the other side

# Prestwich agreed bid for Bush Radio

Prestwich Holdings, the video of its opticians chain, Henly's Bush. Prestwich's shares rose programmes, as well as selling distribution group, is making an Optical Group.

The deal will broaden Prestwich's product base and improve access in Far East suppliers through Bush's Hong

It has applied the hame, which
dates from the 1930s, to a range
of about 40 consumers electronics products.
Bush made a pre-tax profit of Kong porchasing and technical £1.16m on sales of £9.9m in the office. It comes less than two year ended August 1985.

Weeks after Prestwich announced agreement on the sale own shares for every 25 of cinema, television and video Levinson.

agreed £15.5m takeover on a company rights to the Busb name arount rights rights to the Busb name arount rights right company which acquired the rights to the Bush name from

5p to 153p yesterday to value Bush Radio is a USM-quoted its offer at 165p for each Bush

There is a cash alternative worth 150p for each Bush share.
Mr Paul Levinson, Prestwich
chairman, said he wanted to
move the combined group into
areas exploited by Mr Alan

pre-recorded cassettes The Prestwich offer has the backing of the owners of 64.94 per cent of the Bush equity, principally th company's joint founders, Mr Mark Futter and

Mr Richard Schlagman.
Full acceptance of the offer
would give Bush shareholders
31.4 per cent of Prestwich's en-





1980 SALES £510m

1980 EARNINGS PER SHARE 6.6p

Which British company has achieved good results year after year? To be continued tomorrow...

# Newman rejects final offer from McKechnie

By David Goodhart

Newman Tonks yesterday rejected an increased and final offer for it from fellow Midlands manufacturer McKechule Brothers. The new offer values Newman Touks at about £65.5m and includes a eash alternative and e profits

Although the value put on Newman Tonks is only about tom above the valuation from the original two-forthree share offer it is over £20m share offer it is over 220m above the most recent value. That is because McKechnie Brothers' share price has dropped over 49p since Williams Holdings announced it would not be making a hid for it when McKechnie share-

bolders narrowly approved the Newman Tonks deal. Dr Jim Botler, chairman of McKechnie, said that Newman Tooks could no longer argue that the hid was confused by that the hid was confused by the passibility of a Williams bid. He added: "We have also shown that the bid was not just a defensive ploy against Williams. We are serious aboot Newman Tonks but we are not also foolish—

it is a proper and final offer. McKechnie said its offer would provide an income increase of at least 30 per cent for Newman Tonks' share-bolders. It said the cash alternetive represented an exit p/e of 12.6, bot this was contested by Newman Tonks which sald the real figure was 10.3. It contrasted this with the figure of 16 that McKechnie itself had rejected as totally inadequate when Williams made Its offer.

The argument over indus-trial also logic continued. Mr Butler said the merger would create a group producing a uniquely comprehensive range of architectural hardware, backed by one of the largest and lowest cost producers of plastic components and non ferrous metals in Europe.

However, Newman Tonks stressed again that its own hardware products were considerably up-market of McKechnie's and sold not through the retail trade but through the retail trade but direct to architects. Mr Edward Barnes, Newman Tonks' chief executive, said that shareholders should remember that about two-thirds of McKechnie's husiness was still in metals and provided no synergy.

The terms of the new offer are: for every 100 Newman Tonks shares, 72 McKechnic shares and £10 in cash. The cash afternative is 132.8p. Assuming full acceptance of the share ofter, 27m new shares would be issued repre-senting about 31 per cent of the eularged share capital.

The forecast for pre-tax profits for the year to July 31 1986 in the absence of unforesecn circumstances is £18m, after exceptional costs of about £1.5m. Earnings attributable to sbareholders (before extraordinary items)
will, it is preddeted, be in
excess of film. Newman
Tonks pointed ont that this
forecast was at the lower end
of market expectations.

Under the revised offer Newman Tonks' shareholders will receive the Interim dividend for the current year and not just the final one as under the original offer. McKechnie closed Ip np at 191p and Newman Touks closed 2p up at 136p.

### Dixons denies Woolworth bid

failer, vesterday denied mar-ket rumours that it was mounting a bid for Wool-worth. Mr Egon Von Greyerz. a Dixons' director, said: "We are not interested."

A Woolworth spokesman said it had not been approached and added: "Sharp movements in our share price are not unosual, especially in are not phosual, especially in the period leading op to our results, which are due on March 26."

Woolworth shares closed at 583p up 38p, while Dixons gained 10p to 320p.

### Coats/Vantona deal unconditional

The agreed merger beween Coats Patons, the Scottish textiles company, and Vantona Viyella was declared unconditional yesterday, with Vactona now controlling 67 per cent of Coats' issued ordinary share capital.

The announcement caused a imm in the shares of both

jump in the shares of both companies, with Coats closing at 275p, up 14p on the day, and Vantona at 466p, up 23p.

### Westland rights

The righta issue made by Westland, the belicopter maonfacturer, as part of its controversial rescue by UTC and Fiat, has been taken up in respect of 95.16 per cent of the ordinary abarea and 93.14 per cent of the convertible cumulative preference shares.

The remainder have been sold for the beacht of the holders who dld not take op their entitlements.

# Hillsdown hoists profits 77% to record £33m

THE FAST expanding fooddominated conglomerata Hillsdown Holdings has lifted its
pre-tax profit by 77 per cent
thought were important or that
in 1985, from £18-9m to a record
£33.4m. There is a final dividend of 3p which lifts the net
total from an adjusted 2p to
£2p.

was not in the business of share
log gain market share.

Furniture is providing an
increasingly important contribution, the chairmen state.

With the purchase of ChristieTyler and Walker and Homer
total from an adjusted 2p to

Selomor declined to break down

Allowor Holdings has lifted its
pre-tax profit by 77 per cent
thought were important or that
in the year end balance sheet
Tyler and Walker and Homer
in the second half and is continuing
to gain market share.

Furniture is providing an
increasingly important contribution, the purchase of ChristieTyler and Walker and Homer
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Furniture is providing an
increasingly important contribution, the purchase of ChristieTyler and Walker and Homer
in the second half and is continuing

4.2p.
And joint chairmen Mr David Thompson and Mr Harry Solo-mon say they are looking for another excellent result in the current year. The group's existing spread of interests place it in a strong position to

movn forward.

Profits in the first two months hava been at encouraging levels. Further progress has been made in improving profit-ability and developing existing businesses. In addition, there will be the benefit of first time contributions from Pyke and Needlers, and full year contri-butions from those companies acquired in 1985.

Hillsdown also bas share interests of 5.78 per cent in Bassett Foods, 14.97 per cent in Office and Electronic Machines, 7.5 per cent in Brown and Leibert and Electronic Machines, 7.5 per cent in Brown and Leibert and Electronic Machines, 7.5 per cent in Brown and Leibert and Electronic Machines. Jackson and 9.09 per cent in S. end W. Berisford.

end W. Berisford.

Asked about the group's intention regarding the Berisford stake at a press confarence yesterday, Mr Solomon would only say "we are keeping all our options open. We are looking at the opsition carefully." position carefully."

it might wish to hid for.

In the year end balance sheet there is this time £54.3m representing listed investments. Mr Solomon declined to break down the amount attributshle to the

Berisford stake.
In their published statement the joint chairmen aay 1985 was a year of strong organic growth. Turnover rose by 15 per cent, from £983.2m to £1.13hn, and the operating profit expanded by 47 per cent, from £26.3m to £38.6m. A £2.2m cut to £5.2m in interest charges had a further heneficial effect on the pre-tax halance.

halance.

By ectivity, tha operating profit was analysed as to: poultry, eggs and animal feed £17.2m (£10.6m); food processing and distribution £6.9m £6.2m); fresh meat and bacon £6.5m; fresh meat and bacon £6.5m; fresh meat and bacon £6.5m; fresh meat and £6.5m; £4.5m (£4.7m); stationery and office supplies £4.2m (£1.4m); furniture and plywood distribu-tion £3.4m (£800,000); property £3.1m (£3.5m); travel and other

£800,000 (£300.000): less head office costs £1.5m (£1.2m).

The performance of the poultry, egg and animal feed division was the most successful since acquisition in 1982. The stetionery side, belped by the major acquisitions of H. J. Chaposition carefully."

man and P. S. & E. at the end of per cent of the capital.

He pointed out that Hillsdown 1984, had a particularly success-

lul second half and is continuing to gain market share.

Furniture is providing an increasingly important contribution, the chairmen state. With the purchase of Christie-Tyler and Walker and Homer in th second half making a further substantial contribution, Hillsdown now has the largest furniture group in the UK with a combined total turnover approaching £150m annually.

Of the profit in food procesing and distribution, over £5m was earned in the latter part of the year. There were particularly encouraging performances from the Lockwoods/

formances from the Lockwoods/ Smedley group of canning and freezing companies, and excel-lent results from Swan, A. J.

Mills and Northem.

FMC suffered a downturn on the red meat side due to com-bination of heavy imports and general over-capacity in the industry. Bacon and value added pig meat products activities enjoyed an excellent second half, after the industry's prob-

After tax £2.6m (£500.000) After tax £2.6m (£500.000) and minorities £700.000 (£900.000), the nat attributable profit for 1985 came to £30.1m (£17.5m) for earnings of 16.2p 11.1p. The final dividend costs £3m. Mr Thompson and his wife having waived payment in respect of their beneficial holdings of 97.62m shares—over 52 per cent of the capital.

### Narrow vote saves North Atlantic trust

By a narrow majority, share-holders in North Atlantic Securities Corporation—part of Morgan Grenfell — heve voted not to support liquidation of the nvestment trust.

At an EGM last week the holders of 5.3m shares voted against liquidation and 4.6m voted for. However a 75 per cent majority in favour would have been regired to wind up the

trust The need for the EGM arose when at last December's AGM a resolution calling for the company to remain an investment trust was narrowly lost. It appears that several large share-hilders voted against continnation as a protest against what they regard as the trust's poor performance.

### Queens Moat buys two hotels

Queens Most Rouses has purchased the 258 room Huliday Inn at Liverpool and contracted to purchase the 201 room Royal Hotel et Nottingham for a total f21.2m cash. They have been professionally valued at f23m.

The acquisition, whose cur rent turnover is in the region of film, brings the total of botels in the group up to 69 with 6,020 bedrooms.

### Robinson Bros

Robinson Brothers (Ryders organic chemicals, achieved a taxable profit of £952,000, against a loss of £121,000 in the year to December 28 1985. Turnover moved ahead from f16.4m to f18.45m. Available profits emerged et £391,000 compared with £66,000.

# **Robert Maxwell buys 51%** of cable TV film channel

BY RAYMOND-SNODDY

lisher of Mirror Group News-papers, has become managing partner in Premiere, the cable chief executive of Premiere. television film channel.

Mr Maxwell bas agreed to take nver Thorn EMFs 41.2 per cent stake in the channel and the 9.8 per cent previously held by Goldcrest Films and Television, This gives Mr Maxwell 51 per

cent of the equity in the chaq-nel but hecause it is run as a partnership it does not neces-sarily give Mr Maxwell control Mr Maxwell is paying a nominal sum for the stake in the loss-making channel but in addition is assuming responsi-bility for future investment. He

is not, as earlier believed, taking over any of the past losses of the channel.

This will increase Premiere's been sold

MR ROBERT MAXWELL, pub- number of subscribers from its

Warner Brothers, one of the original partners in the venture, original partners in the venture, is pulling out.

In future, the remaining 49 per cent of the equity will be equally divided between Home Box Office, Showtime/The Movie Channel, the US cable programme provider, and Columbia Pictures and Twentieth Century For

Twentieth Century Fox.
Twentieth Century Fox agreed to the acquisition by Mr Maxwell despite the fact that it is now owned by the Daily Mirror publisher's arch rival, Mr Rupert Murdoch. ... :. . .

Walter Lawrence

As a result of the deal Mr More than 83 per cent of the Maxwell is merging his own film 3.86m S.5 per cent convertible channel, MirrorVision, with Premiere and Premiere will be carried on Mr Maxwell's cable. Lawrence via a rights have been talwing partners from April 1. televisinn networks from April taken up.

The shares not taken up have

### **DIVIDENDS ANNOUNCED**

ı		Date	Corre-	Total	Total	
١	Current	of :	sponding	for	last	
1	payment	payment	div.	year	year	
ı	Antofagasta 22.5	May 9	15	27.5	20	
ı	Candover lov 4			4	2	
ı	Edinburgh Fund‡ 4		3	7	-	
i	Colorada Transfer a		3	6	4 .	
Į	Federated Housing 2.2	Apr 28	2	3.3	3	
۱	Framilingtonlnt 3	Apr 17	*1.5	_	- +5	
١	Hillsdown Hidgs 3	July 2	*2	4.2	+2	
ı	Kleinwort 12	May 16	9	18	14	
١	Microfilm Reprotint 1	July 1				
Į			0.5		1.5	
ı	Pentos 0.53	July 1	0.35	0.7	0.35	
ſ	Uld. Biscuits †5.15	July 1	4.8	8	7.5	
	Dividends shown in pence per sh * Equivalent after allowing increased by rights and/or as	for ser	in Issue	therwi	n capital	l
	g Unquoted stock. I Gross throu	gbout.				

# ORIFLAME INTERNATIONAL SA **Preliminary Statement**

for the year ended 31st December, 1985

Sales Operating profit		Year ended 31st December 1984 £000 29,191
Other income and expenses, share of results of associated companies		(247)
Profit before tax		4,812
Tax		548
Profit after tax	5,440	4,264
Earnings per share	51.0p	40.0p
Dividend per share	24.5p	21.3p
Cost of dividend (£000)	2,613	2,272

Points from the Statement by the Chairman, Jonas af Jochnick: \* Strong growth in our two largest companies, Sweden and U.K.

Successful completion of acquisition of Guldfynd A B

\* Financial contribution exceeded £900,000

\* Profit before tax increased by 22%

\* Dividend increased by 15%

Copies of the Report and Accounts for 1985, containing the notice of the Annual General Meeting to be held on 7th May, 1986 can be obtained on or after 14th April, 1986 from Morgan Grenfell & Co. Limited, New Issue Department, 21 Austin Friers, London ECZN 2HB, where errangement may also be made for voting



Oriflame International S.A. is the holding company of an international group operating in 23 countries. Oriflame's business covers the direct sales of its own brand of cosmetics, the majority of which it formulates and produces; the mail order group Lagonda which is astablished throughout Scandinavia; and the jewellery chain Guldfynd which operates an extensive chain throughout Sweden.

### **UK COMPANY NEWS**

# gains behind rise at Edinburgh Fund

The

Merchants Trust PLC

Highlights of the year

(unaudited results for the year ended 31st January 1986)

Dividend Forecast

Investment Objective

The company's investment policy is primarily to provide an above average level of income and

income growth, together with long term growth of

capital. The intention is to maintain a diversified

worldwide portfolio in which recovery situations ...

MANAGERS

KLEINWORT BENSON

**INVESTMENT MANAGEMENT** 

For a copy of the 1986 Report and Accounts available in

April, please write to The Secretary,

20 Fenchurch Street, London EC3P 3DB

A member of the Association of Investment Trust Companies.

and the use of gearing will be given special astemphasis be with who of the at- the bar

Present indications suggest that the Board will

for the current year making a total dividend of

recommend an increase in total dividend of 15%

Net earnings per ordinary share

Net asset value per ordinary share 134.0p

Dividend per ordinary share

approximately 4.3p.

A 16 per cent rise in pre-tax profits to £4.12m is reported by Edinburgh Fund Managers for the gear to end-January 1986. Operating income climbed by per cent to £4.94m.

The board has appointed Mr lain Watt, a specialist in the pensions field, to strengthen its effectiveness in this area which it regards as of major importance in attracting new bnainess.

The company indicates, how-ever, that a substantial part of the pre-tax profit increase come from higher realised investment gains and should be regarded

51%

nne

remaining a quity will be fact that

of the Date of arch ma

or make

(2k-2 3 168

etal Total for last fear tear 7.5 29

153 SE

<u>247</u>1 812

<u>548</u>

272

#1 ... has sile ... -2 2 mm = 1 2 mm

The total dividend for the year is lifted from 4p to 6p on an earnings per share up 30 per cent from 12.9p to 16.8p.

In a year of highly volatile exchange rates the total of funds management finished strongly at £742m.

A recognitional breakdown of A geographical breakdown of funds under management at the

comment

It was not a spectacular year for Edinburgh Fund Managers. It is suffering from the repu-tation of being a one country investment boutique - Japan and clients were notoriously reluctant to re-enter the Japanese market when it took off last August, despite EFM's track record in this sector. The group is now trying to rectify ita market image hy setting np a marketing team and appointing a new advertising agency to show that it has expertise in all funds under management at the end of the year shows that the group is still heavily committed to Japan with 55 per cent of funds invested in that country. A further 22 per cent were UK and 21 per cent in North America.

The figures show that the group made steady increases in its involvement in discretionary segregated funds management—a sector which covers pension schemes. However, this is still only 24 per cent of total funds and investment and unit trusts remain the major areas of fund management.

a new advertising agency to show that it has expertise in all world markets including the UK. But it is finding that the pension markets worldwide are not easy to hreak into. Its link not easy to hreak it is finding that the pension markets worldwide are not easy to hreak into. Its link ont easy to hreak into. Its li

+24.7%

+25.0%

+10.1%

3.75p

# Realised investment | Kleinwort Benson profits jump 35% to £60m

lems in the Far East shipping market and the collapse of Pan

Kleinwort la paying a final dividend of 12p a share (9p)

making 18p (14p) for the year.

making 18p (14p) for the year. With the tax charged little changed at 33 per cent, profits after tax were £40.5m (£30.2m). Earnings per share reached 68.69p (54.09p) and shareholders' funds at December 3t, 1985 stool at £286m (£253m).

Last week it was announced that 13 eurobond sales and

trading staff were leaving Chase Manhattan to join Kleinworts. Mr Hawkes said the hank was now "pretty well kitted out with equity, gilt and bond trader."

Commenting oo increasing

competition from the US invest-ment banks, Mr Hawkes empha-

Electric in Singapore.

largest merchant bank, more trading profitably.
recorded pre-lax profits of Kleinwort also disclosed that
£60.3m in 1985, a 35 per cent it has lent £10m to the Internaincrease over the previous 12 tional Tin Council, secured on months.

It is a tional Tin Council, secured on tin warrants. If the price Mr Michael Hawkea, Klein-stabilises at the level suggested

port's chairman, sald the bank by the London Metal Exchange, had doubled profits in the last however, Kleinwort will not two years. The 1985 profits incur any losses. The bank also were struck after a transfer to said it had been forced to make were struck after a transfer to said it had been forced to make inner reserves. The banking provisions arising out of prob-division remained the single lems in the Far East shipping higgest contributor, turning in pre-tax profits of £63.2m (£41.6m), of which 50 per cent originated in North America. Profits from bullion broking fell from £4.9m to £3m while profits from the investment management and unit trust business rose from £5.9m to 57.8m. The residential mort-gage husiness continued to grow and the hank has now made about £200m of loans to

The bank's government securities business in the US, which recorded profits of £3.5m in 1984, made a loss of £329,000 in 1985. Mr Hawkes said losses incurred by Chicago based Kleinwort Benson Government Securities arose from its involvement with two non-licensed government security dealers which collapsed. The Klein-wort operation was temporarily

Kicinwort Benson, Britain's said the US husiness was once can provide just as good a service at half the price. I am not worried about this sort of compelilion.

comment

While last year's figures from Kleinwort. Benson are surprisingly good, and the underlying favourable trends should con-tinue for a while, old style profits are of little consequence as attention focuses on the Big Bang. Indeed the dividend in-Bang. Indeed the dividend increase looks particularly generous at a time when the preservation of capital must be a priority. The hank has no intention of raising new capital and argues that its capital base, disclosed at £466m. Is roughly equal to a large US investment bank. Next month the purchase of the outstanding 95 per cent of the outstanding 95 per cent of Grieveson Grant should go through, with the price fixed at £44m payable in shares, some of which may be placed. Kleinwort is relatively well placed in the glohal market with a securities dealing liceoce in Tokyo, a gov ernment securities business and a financial futures outfit in the US, a swap team at the fore-front of swap technology, and various others. Another good year is in prospect, with profits up 20 per cent or so and a p/e ratio dipping below 10, with the government security dealers which collapsed. The Klein-wort operation was temporarily slowed. New top management stands from New York and traders from New York were brought in. Mr Hawkes to justify their fees and we various others. Another good various others.

# Pentos rights as profits surge

Pentos, best known for its makes 0.7p for the year (0.35p UK retail abops combined. And Dillons Bookshop and its Athena previously) on fully diluted cards-for-atl-occasions provide thain, is to raise £9.9m in a carnings per share of 4.39p half of Athena's sales. The one-for-four rights issue. The (2.84p). graphic art publisher and office. The graphic art publisher and office turniture company has also announced pre-tax profits of at 63p and will be made on the £2.97m (£1.79m) for 1985. £2.97m (£1.79m) for 1985.

The purpose of the rights issue is to finance £5m in capital investment planned for 1986 and to reduce short-term borrowing

Some £1.5m is to he spent on expanding and refurbishing Dillons and a further £2m on the Athena poster, card and

In office furniture the group plans to spend £1.5m—of which £500,000 will be for the launch costs of the new Asber Systems range of modular office furni-Pentos' 1985 results saw in-creased pre-tax profits made on

lower sales of £51.2m (£51.5m). . The company has declared a final dividend of 0.525p, which

ing ordinary shares, 173 ordinary shares for every 400 deferred ordinary, five ordinary for every £12 nominal of loan stock and one ordinary for every £3 of A loan stock.

The issue is underwritten by brokers de Zoete & Bevan and comment

Pentos has spent several years disengaging itself from engineering, construction, book publishing and in sorting out the problems of Capian. Now the group is alming for more fashion conscious image through Athena's pop posters and modu-lar furniture for the upheat office—atthough the more up-market Dillons still accounts for as much in turnover as does the as low.

rights issue funds should enable pleted and for refurbishment of Athena's older stores to continue apace without recourse to an overdraft. As the company expects to end this year with most of the rights cash in the bank the market may be for given for asking whether more could bave been expected by way of an explanation for the funds intended use. The dilution element is small given existing interest payments on the £2.1m of bank debt. The new shares are heing offered at a 20p discount so the theoreti-cat ex rights price should have been 79p. The market shaved a further 2p off this yesterday to close at 77p. With uprated forecasts (mainly for the additional interest income) of on a prospective p/e of 13 assuming the tax rate remains

### COMPANY NEWS IN BRIEF

TR PACIFIC BASIN Investment Trust reports earnings of

(£387,000). Tax takes £491,000 tural equipment and portable (£538,000). cahins, has bought Trevo cahins, has bought Trevor 1.16p for the year ended
January 31 1986 (1.12p) and
dividend is held at 1p net with
final of 0.5p. Year-end net asset
value per share 179p (173p).
Total revenue £2.1m (£2.45m)
and pre-tax £1.32m (£1.34m)—
No dollar loan interest this time

(2.35,000).

A and M GROUP has bought
Beams, formerly part of the acquisition has two south London
studios.

Clearwater Group, The acquisition has two south London
studios.

ALLIED PLANT Group, inments will be subject to profit performance. A and M GROUP has bought
Beams, formerly part of the
Clearwater Group, The acquisition has two south London
studios.

Crocker & Partners, an international consulting engineer
and design practice. Initial
price of £600,000 will be met by
the issue of 2.73m new ordinary
APG shares Additional form

# Granville & Co. Limited

Member of The National Association of Security Dealers

2 Lovat Lane London EC3R 8BP

Telephone 01-621 1212

Over-the-Counter Market

| High Low | Company | Price Change div. (p) % Actual taxed | 146 113 | Ass. Brit. Ind. Ord. ... 132 | 7.3 5.5 3.1 7.5 | 131 121 | Ass. Brit. Ind. CULS. ... 137 | 10.0 7.3 | 7.5 43 | Airsprung Group | 70 | 3.4 3.1 11.7 15.2 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.2 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 15.3 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 11.7 | 15.3 1

# HongkongBank

The Hongkong and Shanghai Banking Corporation

**Ordinary Yearly General Meeting** 

Notice is hereby given that the Ordinary Yearly General Meeting of the shareholders of the Bank will be held in the City Hall, Hong Kong, at 2.30 pm on Tuesday 13 May 1986 to transact the

1 to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors for the year ended 31 December 1985 and to declare a final dividend;

2 to elect Directors; and

3 to appoint Auditors and fix their remuneration

Incorporated in Hong Kong with limited liability

and to consider and (if thought fit) pass the following Ordinary Resolutions by way of special

(a) it is desirable to capitalise the sum of HK\$1,572.926,970 from the Reserve Fund of the Bank and that accordingly the said sum be capitalised and applied in payment in full for 629,170,788 unissued shares of the Bank of HK\$2.50 cach;

(b) such new shares, credited as fully paid, be distributed among the shareholders who on 13 May 1986 were registered shareholders of the Bank in the proportion of one new share for every five shares then held by them respectively;

such new shares shall in all respects rank pari passu with the existing shares of the Bank except that they shall not rank for dividends for the year ended 31 December 1985;

(d) the Board be and is hereby authorised to allnt and issue such new shares for distribution in the manner and proportion aforesaid, but so that shares representing fractions shall be sold and the net proceeds retained for the benefit of the Bank; and

5 That a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares not exceeding One per cent of the issued share capital of the Bank.

By Order of the Board FR Frame

Secretary

Hong Kong, 11 March 1986

recues:
(1) The Register of Shareholders will be closed from 21 April until 13 May 1986 (both dates inclusive). In order to
qualify for the final dividend and the capitalisation issue, all transfers (accompanied by the relevant share
certificates) must be lodged with the Registrars not later than 4.00 pm on 18 April 1986.

(2) There are no directors' service contracts of more than one year's duration.

# Heywood Williams Group PLC

**ALUMINIUM AND GLASS SPECIALISTS** 

# Profits up by 53%

	Year to 31.12.85 £000	Year to 31.12.84 £'000
Turnover	102,108	95,170
Profit before taxation	5,525	3,604
Profit for the year	3,181	1,743
Earnings per share	18.4p	10.4p
Dividends per share	6.75p	6.0p
The comparative figures have been restated	under the principles of mer	ger accounting.

Extracts from the statement by the Chairman. Mr Ralph Hinchliffe

year raised by 12.5% to 6.75p per share.

Despite very competitive trading conditions, pre-tax profits lifted by 53% to £5.5 million.

Current trading results are ahead of those for last year and prospects are very favourable.

Earnings per share up by 77 % to 18.4p. Total dividends for the

Shareholders are being asked to subscribe for a one-for-four rights issue to finance further acquisitions and continue the Group investment policy.

# HongkongBank (X)



The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

# Results for 1985

The Directors announce that (subject to audit) the profit for the year ended 31 December 1985 attributable to the shareholders of the Bank was approximately HK\$2,719 million (1984: HK\$2,591 million), an increase of 5 per cent. The profit was arrived at after providing for taxation and after making transfers to inner reserves, out of which provision for changes in the value of assets has been made. Audited accounts will be published at a

The working profit in most areas was in line with expectations, with the Hong Kong operations turning in a particularly good performance. In three areas however the final result was disappointing. In South East Asia the deepening economic recession towards the year end necessitated higher than expected provisions for doubtful debts and consequently sharply lower profits. Secondly, the accelerating fall in the oil price during the second half of the year adversely affected the operations of the British Bank of the Middle East; and lastly, conservative provisions in our associated shipping investments resulted in a negative return from these investments.

The problems of the shipping industry around the world have been well publicised and have caused concern to many leading international banks. These problems can no longer be regarded as purely cyclical. The Board have therefore decided to set up a special provision from inner reserves against certain large shipping exposures. Notwithstanding this provision the inner reserves of the Bank have increased and stand higher than they did last year. No provisions are necessary for advances to our associated shipping

The Directors propose the payment of a final dividend of HK\$0.31 per share. Together with the interim dividend of HK\$472 million already paid; the total distribution for 1985 will amount to HK\$1,447 million (1984: HK\$1,316 million), an increase of 10 per cent.

### Consolidated Profit and Loss Statement 1985 EM 1985 HK 5 M For the year ended 31 December 1985 Net profit of The Hongkong and Shanghai Banking Corporation and its subsidiary companies 305 318 3,429 2,893 Share of net profits of associated companies 18 53 482 371 3,627 3,375 323 Profit attributable to minority interests in subsidiary companies <u>(81</u>) <u>(86</u>) (<del>908</del>) (784)Profil atlributable to the shareholders of The Hongkong and Shanghai Banking Corporation 242 285 · 2,719 2,591 Transfers to reserves (22) (21) (28) (29) (250)(267)by the Bank by subsidiary and associated companies (234)Dividends paid and proposed (129)<u>(145</u>) <u>(1,447</u>) (1,316)83 758 70 Balance brought forward 202 2,270 2.922 (157) (715)Transfer to Reserve Fund (64)(1,430)Exchange adjustments (72)20 Retained profits carried forward 202 250 2,271 2,270 Earnings per share £0.09 HK\$0.86 HK\$0.82 Dividends per sbare Interim (paid) £0.02HK\$0.15HK\$0.14

Capitalisation Issue (Bonus Issue)

The Directors also intend to recommend to shareholders at the Ordinary Yearly General Meeting that a capitalisation issue of shares be made in the proportion of one new share for every five shares held on 13 May 1986 by the capitalisation of HK\$1.572,926,970 from the Reserve Fund of the Bank. If that recommendation is approved, the Reserve Fund will be restored by transfers of HK\$1,000,000,000 from inner reserves and HK\$572,926,970 from retained profits. The capitalisation shares will not rank for the recommended final dividend but will rank pari passu with existing shares in all other

(N.B. "Bonus" is now termed "Capitalisation" in accordance with the requirements of The Stock Exchange in London).

### Prospects for 1986

Final (proposed)

The economic recovery in the industrialised countries is forecast to pick up, albeit slowly. At the same time concern over exchange rate volatility and attempts by the United States to reduce its trade imbalance indicate that the growth of world trade will probably remain sluggish. The combination of these factors and the weakness of oil and other commodity prices are likely to have an adverse impact on the economies of most third world nations and trading conditions are likely to continue to be very difficult.

In Hong Kong, though loan demand is weak, the business outlook is still generally positive. The decline of the US dollar (and hence the HK dollar) will have a favourable effect on exports, which are expected to show some growth. It is hoped that trade with China will continue to expand.

Against this background the Directors consider that profitability of the Group will show a steady increase and they are confident of their ability to recommend at least the same quantum of dividend as for 1985, that is HK\$0.38 per share on the increased capital as proposed.

By Order of the Board F R Frame Secretary

Hong Kong, 11 March 1986

£0.03HK\$0.31HK\$0.28

# This advertisement is smed in compliance with the requirements of the Council of The Seach Enchange. It does not constitute as invisation to the public to subscribe for or purchase any shares. THE CHILLINGTON

(formerly Plantation & General Investments PLC) (incorporated in England under the Companies Act 1948-1976 - Not 1338135) Issue of Ordinary shares of 25p each and 9½ per cent. Cumulative Redeemable Preference shares of LI each in connection with the

Redeemable Preference shares of £1 each in connection with the proposed merger with The Anglo Indonesian Corporation Plc, and of Deferred shares of 25p each in connection with the proposed scrip issue by Plantation & General Investments PlC.

The Council of The 5wck Exchange has admitted the above mentioned sentities to the Official List. Particulars of the securities are available in the Extel Statistical Services. Copies of the Listing Particulars dated 14 February 1986 containing further details in connection with the issue of these securities may also be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) until 15 April 1986 from the following: 1) the office of Clifford-Turner, Blackfriars House, 15 New Bridge Street, London ECAV 6BY; 2) the registered office of The Chillington Corporation PlC, 81 Carter Lane, London ECAV 5EP; and 3) from the Registrats of the Company at Lloyds Bank Plc, New Issues Section, 61 Moorgare, London EC2 and during usual business hours on any weekday, for collection only from the Company Announcements Office, The Stock Exchange, Throgmotion Street, London EC2P 2BT until 14 March 1986. Dated 12th March 1986.



# MOTOROLA, INC.

121/1/20 Notes due December 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated December 15, 1984 between Motorola, Inc. (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") end pursuant to Section 6(e) of the ebove-captioned notes (the "Notes"), the Company has elected to redeem \$20,000,000 principal amount of Notes on April 11, 1986 (the "Redemption Date"). The redemption price shall be 101% of the principal amount of such Notes together with accrued interest (the "Redemption Price") to the Redemption Date. Warrants to purchase a like amount of 12% Notes of Motoroia, Inc. due December 15, 1994 have been exercised.

On and after the Redemption Date, the Redemption Price will be paid upon presentation and surrender of the Notes to be redeemed, together with the December 15, 1986 coupon and subsequent coupons attached.

Accrued interest to the Redemption Dete will be paid in the amount of \$197.36 per Note. On and after the Redemption Date interest shall cease to accrue unless the Company shall default in the payment of the Redemption Price.

Notes are required to be presented and surrendered for redemption at any of the following paying agencies:

The Chase Manhattan Bank, N.A. London Branch Woolgate House, Coleman Street London EC2P 2HD

Nederlandse Creditbank, N.A. Herengracht 458 Amsterdam, The Netherlands

Chase Manhattan Bank (Switzerland) Genferstrasse 24 Poetlach 162

Societe Generale 29 Boulevard Haussi Paris, France 75009

Chase Manhattan Bank Luxembourg S.A. 47 Boulevard Royal, CP 240 Luxembourg, Luxembourg

Banque de Commerce, S.A. Main Office 51/52 Avenue des Arts B-1040 Brussels, Belgium

Berliner Handels-und Frankfurter Bank 10 Brockeheimer Landstrasse Frankfurt, West Germany

Coupons which heve matured prior to the Redemption Date should be detached, presented and surrendered for payment in the usual manner.

MOTOROLA, INC. By The Chase Manhattan Bank (National Association)

March 5, 1986



### **Korea Exchange Bank**

U.S.\$125,000,000

Floating Rate Notes due 1999 In accordance with the provisions of the Notes, notice is

hereby given that for the six months interest period from 12th March, 1986 to 12th September, 1986 the Notes will carry an Interest Rate of 715/16% per annum.

Interest due on 12th September, 1986 will amount to U.S. \$405-69 per U.S. \$10,000 Note and U.S. \$10,142-36 per U.S. \$250,000 Note.

Morgan Guaranty Trust Company of New York London

# **GOVERNMENT CONTRACTS**

### ANNOUNCEMENT BY THE **REVIEW BOARD**

The Independent Review Board for Government Contracts is now embarking on the fifth comprehensive General Review of the profit formula used for pricing non-competitive Government contracts.

The Board will take into consideration written representations on any aspect of the profit formula which are received before 30 June 1986. The Government and the Confederation of British Industry may be asked to comment on a submission unless the author has objected to its disclosure.

ssued by: Binder Hamlyn Secretaries to the Review Board for Government Contracts. 8 St Bride Street London EC4A 4DA. Tel: 01-353 3020 Fax: 01-583 0031

## 01-248 3000 ext 4148 FINANCIAL TIMES Europe's Business Newspap

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# UK COMPANY NEWS

# Court rules tomorrow on Rank's challenge to IBA

THE Rank Organisation will THE KIRK Organisation was learn tomorrow whether it has won its High Court challenge to the Independent Broadcasting Anthority's decision to block Rank's 1733m takeover bid for

the Granada Group.
When the hearing concluded yesterday Mr Justice Mann said that, because of the urgency of the matter, be would give his decision tomorrow morning.

As it was a complex case be a six has a gire his detailed

might have to give his detailed reasons later.

Whatver the indge rules it is expected that the dispute will move rapidly to the Court of

Appeal.

Rank has asked the court to quash the IBA's decision to refuse Rank permisison to vote more than 5 per cent of its shares in Granada Group, which

includes Granada Television. Under Granada's articles of association, no shareholder may vote more than a 5 per cent bolding unless it is an "approved person" in the eyes of the IBA.

Rank's complaint is that the

making the decision.

Mr Robert Alexander, QC, for Granada, said yesterday that the IBA had made a "managerial" decision that came within the field of private law.

invoked by Rank. The Issue of fairness would

only arise if the court beld that it had been a public law decision, Mr Alexander said. Then fairness would have to be looked at in the context of the

looked at in the course.

bilities under the course of the matter.

lt had heen urgent for Rank

Act.

The the IBA had pre-judged

The the IBA had pre-judged

had been the possible impact on a Rank takeover.

IBA acted unfairly, and in Granada Telavision. Granada breach of its duties under the had the qualities the IBA 1981 Broadcasting Act, by not required in a programme congiving Rank a hearing before making the decision.

Mr Robert Alexander, QC, for Granada, said vesterias that the company over.

company over.

Mr Alexander disputed Rank's contention that it had had a legitimate expectation that it It had not been a public law decision, made under its statutory powers, and was therefore not something with which the court could interfere under the judicial review procedure the procedure to the court could by Bank. It is takeover situations, or if Rank had been given an express promise of a hearing, be said.

Mr Ian Hunter, QC, for Rank, rejected the suggestion that the IBA had made a managerial decision. The IBA, he said, managed nothing; it discharged important statutory respons

It had been urgent for Rana to know the decision, and urgent for the market, because it had been important that there should not be a false market in should not be a false market in could have said or done could have said or done could have said or done could have allayed the IBA's fears the impact on Granada of Granada shares. have allayed the IBA's fears
Uppermost in the IBA's mind about the impact on Granada of

### Bid deadline extension for Haslemere

By Michael Cassell, Property Correspondent

Rodameo, the Netherlandbased investment trust, has extended the offer deadline on its bid for Haslemere Estates, the UK property development and investment group.

Radamco, which launched its \$240m bid for Haslemere in February, holds 24.14 per cent of the property company. Yesterday, it repeated its claim that the 600-p-a-share offer is a fair one and renewed its company. attack on Haslemere's track

Mr Cornelis van Rijn, chair man of Rodamco Property, said in a letter to shareholders that the property sector for several years and claimed that it would continue to do so until the company adopted a more vigorous policy towards weeding out. a number of low-quality buildings within the portrfolio.

He added: "You must ask He added: "You must ask yourself where the Haslemere share price would be in the absence of our offer. On the day before the bid was announced, it stood at only 510p, representing a discount of 23.9 per cent to estimated net assets per share of 670p published by Haslemere's own stockbrokers.

Mr van Rijn said that, apply ing the same discount to Hasle-mere's recent revaluation, the shares would now be standing at a price of only 540p, sub-stantially below the offer level. Haslemere's recent revaluation produced a net asset figure of 728p per share.

Mr David Pickford, chairman of Heslemere, said last night: "Rodamco has managed to pick up 30,287 shares since the offer day, which is derisory. Their arguments do not hold water.

### Yearlings lower

The interest rate for this week's issue of local authority bonds is 10H per cent, down I of a percantaga point from last week, and compares with 124 per cent a year ago. The bonds are issued at nar and are redeemable on March 18 1987. A full list of issues will he published in tomorrow's edition.

# Cable and Wireless set for listing on Tokyo SE

BY YOKO SHIBATA IN TOKYO

become the first British company to gain a listing on the Tokyo Stock Exchange.

exchange yesterday applied to the Japanese Ministry of Finance for formal approval to list Cable and Wireless shares. This followed a public offering by the company of 8m shares there last December, as part of its wider flotation.

expected by early next month— some months ahead of the scheduled start of official Tokyo have delayed a quotation for year.

Cable and Wireless is set to BT, are expected to be surounted by mid-year.
Only 21 foreign companies are currently listed in Tokyo.

The exchange has been acting in recent weeks to ease its ment records and other issues in order to allow a speedier consideration of BT's application for a listing. Under the redrafted

A listing for the shares is in the public sector would expected by early next month— qualify if they had been in existence for at least five years scheduled start of official Tokyo were transferred to private dealings in British Telecom. hands at least a year ago, and Regulatory constraints, which had paid dividends over the past

# Costain Australia up 57%

STRONG performances in mining, civil engineering and mining, civil engineering and property helped Costain Asstralia boost consolidated net profit after tax by 57 per cent to 1985. The figure was A\$8.28m (£4.04m against: A\$6.27m.7im far from Warkworth was still far from adequate.

1984. This was after charging A\$13.000 for tax (A\$41,000). made a loss, as did housing activities in New South Wales and owned by Costain Group of the Victoria, but the company UK, is paying a final dividend helieves its improved profit

in 16.4 per cent up on 1984 and and coal shipments from the Wark-

of 6 cents (5 cents), making a ability over the past three years total of 11 cents (9 cents). will be maintained, with strong Costain Australia said output prospects in property developfrom its Ravensworth Mine was ment and mining

### CO-BAN EUROFINANCE B.V.

("the Issuer") NOTICE

To the holders of the outstanding US\$30,000,000 Guaranteed Floating Rate Notes 1991 of the Issuer (the "Notes")

of the EARLY REDEMPTION on April 16 1986, of all of the Notes by the Issuer Notice is hereby given to the holders of the Notes that, in accordance with Condition 6(B) of the Notes, the Issuer will redeem all of the Notes then outstanding on the next interest payment date falling on April 16 1986, against surrender of notes with all unmatured coupons attached. Coupon number 9 maturing on April 16 1986 should be presented for payment in the usual manner.

Interest on the Notes will cease to accrue from the date of redemption. Notes will become void unless presented for payment within a period of tan years from the redemption date.

March 12 1986

Agent Bank London & Continental Bankers Limited

# 1786 /// 1986 Two centuries strong and building

### Y. J. LOVELL (HOLDINGS) PLC MAIN GROUP ACTIVITIES:

Construction, Residential end Commerciel Development end Plant Hire.

### **FURTHER GROWTH** & RECORD PROFITS

SUMMARY OF THE YEAR £000 238,540 209,133 Profit before Tax ..... 9,036 6,420 Shareholders' funds..... 47,270 39,573 Dividend per Ordinary Share ..... 7.0p 6.0p Farnings per Ordinary Share ..... **28.3**p 25.8p Net asset value per Ordinary Share ..... 212.3p 200.8p

HIGHLIGHTS OF 1985

\* Profit before Tax increases for eleventh successive year-up 41% to record high of £9.0m

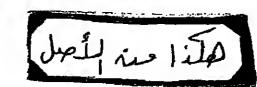
\* House sales rise by 35% to 2700 units

\* Charter Homes acquired for £7.2m

Norman Wakefield, Chairman

\* Construction workload at record level

\* Launch of Urban Renewal initiative "1986 has started satisfactorily... We should be disappointed if our progress failed to measure up to the standards that our Bicentenary Year demands."



01

ar, compenies or Tokyo, compenies or Tokyo, come a social 
on 1964 a im the Wan 7 per ter the ranger artists from the center of the

EARNINGS PER 25p STOCK UNIT.



# OUR EARNINGS ARE NO SMALL BEER.

In the last four years Guinness has been transformed both in the UK and internationally.

We sell nearly 40 per cent of all the beer exported from the UK to overseas markets.

We have successfully launched new products both at home and abroad.

Alongside our core drinks business we have expanded in retailing and health care, both growth sectors linked by strong brand names with good consumer franchises.

All this has resulted in our Company growing in value from £90 million to over £900 million in the past four years.

During that period our shareholders have reaped the benefit.

Our earnings per share have increased by 169 per cent and our share price has shown an almost six-fold increase.

Proof indeed that Guinness should be good for Distillers.

# **GUINNESS PLC**

Guinness and Distillers. More than just a merger.

This advertisement is published by Morgan Grenfell & Co Limited and The British Linen Bank on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (baving taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly. SOURCE: Guinness Annual Report and Accounts 1985.

A NEAR 80 per cent rise in agement charges by over 70 per Prust & Co, amounting to already bas under its belt the interim pre-tax profits from cent from £577,000 to £128,000 was following the implementation of ordinary items.

A NEAR 80 per cent rise in agement charges by over 70 per Prust & Co, amounting to already bas under its belt the £158,000 to £928,000 was following the implementation of ordinary items.

B Total Research Prust & Co, amounting to already bas under its belt the continuous continuous to the following the implementation of ordinary items.

with comparative figures for the year ended 31st December 1984.

CONSOLIDATED INCOME STATEMENT

Diamond account .....

De Beers

Provisional

**Annual Financial Statements** 

The following are unaudited abridged consolidated financial statements for the year ended 31st December 1985 together

Year ended

1984

565 183 80

31st December

R millions

interim pre-tax profits from \$518,000 to \$528,000 was achieved by the Framilington achieved by the Framilington a higher charging structure in line with the unit trust industry.

After-tax profits virtually doubled for the period to end-December 1985 from \$535,000 to \$600,000 and share-holders get their interim payment doubled to 3p.

Total group sales rose by just 5 per cent from £24.37m. Investment and other income other established unit trust groups, losing market share as the life companies come into the expanding unit trust field.

However, gross profit on sales rose over 30 per cent from £255,000 to £986,000 and man
Trance and with Laurence, bring the unit trust industry items.

Comment

Framilington bad a good first half result despite growing competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to competition in the unit trust half result despite growing to the spanding to the sexpansion in business and personnel. This left operating profit up by more than 80 per cent from £25.59m, with the group climbed by two-thirds to £159,000 against the life companies come into the grow of the group climbed by two-thirds to £159,000 against the life companies come into the singly successful launch last month of its European Fund which attracted £23.2m. It is like up with the major french the spring to the feel. Its decision to put up its charges in line with the adjustment of Laurence, prust on Big Bang for pre-tax profits for the year charges. But the best is still to company the

CONSOLIDATED BALANCE SHEET

Deferred share capital .....

Non-distributable reserves ..... Distributable reserves .......

Year ended

31st December 1985 1984

1985 1502 R millions 18 18

4 647

7 532

# Candover expands and doubles dividend to 4p

in net value and an upsurge of 73 per cent in pre-tax profit bas been achieved io 1985 by Candover Investments, the management buy-out specialist.

The dividend is being doubled to 4n pet per share

to 4p net per share.

In what is described as an active year, the group made 16 investments including the £61m buy-out of Caradon comprising most of the former building products division of Reed International. This was Candover's year. largest transaction to date.

At the year-end net assets announced since the year-end attributable to ordinary sbares was the buy-out of Swan stood at £14.18m, or 198p per Hunter Shipbuildars, the first sbare, compared with £12.02m privatisation organised by the or 168p. Profit before tax came company. to £756,000, against £267,000; when adjusted for interest of £171,000 saved following the repayment of loan notes when Candover's shares were listed in December 1984, the increase over last year is 73 per cent. Investment Income was £607,000 (£435,000), financial services £762,000 (£253,000), and investment dealing £214,000 was (£213,000) for total income of £1.58m (£916,000). Earnings were shown at 6.21p (3.42p) per share.

trading prospects of the com-panies in which Candover bas already invested are in general encouraging. Subject to the stock market remaining favourable, s num-ber of the companies in which Candover and the Hoare Can-dover Fund bave holdings

expect to obtain e listing this The principal transaction

company. Also, in partnership with Electra Investment Trust, the Electra Candover Direct Invest-ment Plan was established under which £260m bas been committed by over 35 institu-tions, principally in the UK and US, to finance the equity por-tion of large UK-based management buy-outs.

comment

The market has been well and give its investors a contented with Candover Invest- leveraged way in to larger deals.

Looking to the future, the ments since its flotation just directors say the flow of over a year ago. But to judge interesting projects continues at a setisfactory level, and the share price to 218p it was not share price to 218p it was not ready for an 18 per cent increasa in asset value and a great leap forward in income. The rise in esset value—helf as much again as the investment trust averaga —was particularly encouraging given that there were only two small realisations during the year. Candover's portfolio now contains several likely candidates for floation or takeover, which should mean another good year for its investments in 1988. market conditions permitting. While the group continues to focus its efforts on management buy-outs, it also considers other ventures and bas taken a £100,000 stake in Eddle Shah's Today. Manage-

ment buyouts seem to be getting larger and more plentiful—last year's buyout of Reed's building products division was Canover's largest yet, and e major reason for the three-fold rise in fee income. The £250m pool of funds put together jointly by Candover and Electra should broaden Candover's borizons

LONDONLIF WELBECK

### Microfilm rises to £0.68m

Microfilm Reprographics, a USM-quoted microfilming bureau, has announced a

bureau, has announced a substantial increase in pre-tax profits for the six months to end-December 1985.

On turnover ahead from £1.49m to £3.78m, the pre-tax result has jumped from £190,000 to £684,000, and the directors say that sales in January and February were significantly higher in all divisions than in the comparable period last year. They are lifting the net interim dividend to 1p (0.5p). Turnover and profits for Datacom have been included from July I 1985.

BTR Canadian sale

BTR, the industrial holding group, is selling the Canadian tyre business acquired as part

BOARD MEETINGS TOBAY 

Africa. ...
Ossignora. Ultrama.
Debenture Corporation.
FUTURE DATES Mar 15 Mar 19 Mar 17 Minerals Oils and Resources Sirdar ...

Smith Engineering
Cambridge Electronic Industs.
Fisher (James)
Gremplan Holdings
Highlands and Lowlands Mentlevs (Arrend)
Metthews (Arrend)
Monison (Wm.) Supermarkets
Octopus Publishing
Rowntree Meckintosh 

# **Federated Housing ahead** and seeks full listing

Federated Housing, the total to 3.3p (3p). Earnings Surrey-based bousebuilder with per share moved np from 8.4p a USM quote, raised pre-tax to 9.5p. Mr Peter Meyer, the chairprofits in 1985 for the fifth year Mr Peter Meyer, the chair-running. They improved by 16 man, said that though 1985's per cent from £1.25m to £1.45m turnover reflected a substantial

Federated, which was floated in November 1983, is now applying for a full listing and experts dealings to start soon after April 7.

The proposed final dividend 1986, coupled with a is 2.2p (2p) bringing the year's increase in turnover.

though interest charges went up second-half increase, the figure from £248,000 to £619,000, fell short of management's Turnover was down from targets because bad weather £17.27m to £13.53m. developments.

He nointed out that the gross

margin had improved from 12 per cent to 20 per cent and predicted that the higher margin should be maintained in 1988, coupled with a substantial

# Antofagasta nears £7.5m

Antofagasta Holdings raised its Turnover amounted . tyre business acquired as part of the Dunlop takeover last year to Dunlop Thre Corporation, the former Dunlop US tyre business bought out by its management.

Dunlop Canada Inc is a trading company with no manufacturing operations.

Antofagasta Heldings raised its Turnover amounted to £162m £15.24m (£16m). Tax fell to and says the improvement reflected satisfactory results by the railway nperation in Chile.

Earnings rose from 62.1p to The directors say appresentation of sterling against the 107.8p and a final dividend of ciation of sterling against the 107.5p gross per £1 share.

Turnover amounted to £162.000 (£2.3m) and exchange in the ciation of inflation in the company with no manufacturing operations.

ELECTROTECH BRITISH AEROSPA TOLL'S ROYCE What's the big attraction? Is it Bristol's rapidly expanding high technology base? Or our highly skilled workforce? Or the pulling power of a major financial centre with excellent mad, mil and air links? Or the allure of our beautiful environment? Of course, it's a combination of factors. How else could Bristol attract all these top companies?

For further forceful arguments,

HEWLETT PACKARD

SUN LIFE

DIGITAL

contact Mike West, Bristol's Director of Economic Development. The attraction is magnetic

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No year

Bristol Economic Development Office, Brunel House, St. Gernge's Road, Bristol Bristol St. J. V. Tel (0272) 291620 Release+9714BRIEDO G resulted in an exchange loss. INSURANCES OF CREDIT



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**Banque Paribas Capital Markets Limited** 

admitted to the Official List. Interest on the Notes, calculated as set out in the Listing Particulars dated March 11, 1986, is payable annually in arrears. The first payment falls due on April 1, 1987.

Listing Particulars relating to the Notes, the Issuer and the Guarantor are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including March 14, 1986 from the Company Announcements Office of The Stock Exchange and up to and including March 26; 1986 from:

> Cazenove & Co. 12 Tokenhouse Yard London EC2R 7AN

The Chase Manhattan Bank, N.A. Woolgate House Coleman Street London EC2P 2HD

March 12, 1986

6 354 Deferred sbareholders' funds ... Preference share capital ......
Outside shareholders' interests
in subsidiary companies .....
Long- and medium-term liabili-(1) Net surplus on realisation of 340 Investments 8 881 1 258 1 145 9 343 7 582 Deduct: 109 Prospecting and research ...... Fixed assets: 162 155 Claims, mining interests and 313 written off fixed assets Amount written off property
Plant, permanent works and
buildings
Unlisted trade investments ..... 363 710 99 Profit before tax ..... Stores and materials ..... Deduct: Dlamond stocks 3 875 State's share of profit under (Market value R5 291 million --1984: R3 262 million) mining leases 191 \_158 1 165 718 Profit after tax ..... Long-term loans ..... Deduct: 12 Profit attributable to outside shareholders in subsidiaries ... 7 Dividends oo preference shares 7 300 Current assets: Net profit attributable to de-Casb ......Other current assets ..... ferred sharebolders before extraordinary items ......... 281 1 213 1 035 643 1 134 Deduct: Share of extraordinary losses of 1 494 1 292 63 (79) associated companies ..... 972 722 Current liabilities: 100 Dednct: .... Transfers to reserves including share of retained profits of 462 183 476 378 236 390 associated companies 1 010 196 share (1984: 40 cents) ... 144 Net current assets ...... Increase in unappropriated

188

92

179

438

180

288

CSO sales in 1985 expressed in the currency of sale rose by US\$210 million or 13 per cent to US\$1 823 million. When expressed in Rand at the rates ruling at the time of each sight, sales were R4 027 million compared with R2 306 million the previous year. The encouraging trend of the second half of last year bas continued at tha first two sights of this

Earnings per deferred share be-

profits of associates .....

year.

Diamond stocks
Diamond stocks increased by R1 012 million of which R1 110 million is attributable to the lower Rand/Dollar exchange rate as applied to opening atocks offset by a real reduction in stocks of R98 million. Converted at the rates of exchange at the end of each year stocks totalled US\$1 950 million in 1984 and US\$1 898 million in 1985, a reduction of US\$52 million.

Group borrowings
Of the R200 million redeemable prefarence shares issued by subsidiary companies at the end of the previous year R111 million were redeemed during 1985, leaving the amount outstanding at the end of the year at R89 million. Long and mediumterm liabilities increased by R99 million to R980 million while net current assets improved by R204 million resulting in an apparent overall reduction in funding of R216 million. Had the conversion rate used in 1985 applied to both years, such improvement would have amounted to R532 million.

Certain comparative figures have been restated to conform with the current year's presentation.

The Rand/Dollar exchange rate at 31st December 1985 was US\$0.3883 (1984: US\$0.5033).

Declaration of dividend No. 132 on the deferred shares

On 11th March 1986 dividend No 132 of 40 cents per sbare (1984: 27.5 cents) being the final dividend for the year ended 31st December 1985, was declared payable to the holders of deferred sharas registered in the books of the Company at the close of business on 27th March 1986, and to persons presenting coupon No. 76 detached from deferred share warrants to bearer. This dividend, together with the interim dividend of 15 cents per ebare declared on 20th August 1985, makes a total of 55 cents per share for the year (1984: 40 cents). A notice regarding payment of dividends on coupon No. 76 detached from share warrants to hearer. will be published in the press by the London Secretaries of the Company on or about 20th March 1986.

March 1986.

The deferred share transfer registers and registers of members will be closed from 28th March 1986 to 11th April 1986, both days inclusive, and warrants will be posted from the Jobannesburg and United Kingdom transfer offices on or about 6th May 1986. Registered

sharebolders pald from the United Kingdom will receive

sharebolders paid from the United Kingdom will receive the United Kingdom currency equivalent on 1st April 1986 of the rand value of their dividends (less appro-priate taxes). Any such shareholders may, bowever, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 27th March 1986. The effective rate of non-resident ahareholders'

The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United

For and on behalf of the board 12th March 1986 J. OGILVIE THOMPSON | Directors N. F. OPPENHEIMER

Head Office: 36 Stockdale Street, Kimberley, South Africa. London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London ECIP 1AJ.

Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107) Hill Samuel Registrars Limited, 6 Greencoat Place, London SWIP IPL De Beers Consolidated Mines Limited

> Incorporated in the Republic of South Africa Company Registration No. 11/00007/06

# FT COMMERCIAL LAW REPORTS

# No indemnity from charterers for shipowners' cargo damage liability

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HIS LORDSHIP said that the C Joyce was chartered under a charterparty in the Gencon form, dated December 29 1973. Form, dated December 29 1973.

Pursuant to the charterparty the charterers shipped consignments of bagged milk powder at Amsterdam and Falkehburg.

Bills of lading, each containing a clause paramount, are issued in respect of the cargé. On discharge of the vessel in South Africa cargo damage claims were made by cargo owners against indemnity clause, clause 13, It

present case.

The standard clause 9 was replaced by typed clause 17, which provided that the master was to sign and issue hills of lading on completion of loading; and another typed clause provided that all bills of lading were to include a clause paramount.

charge of the vessel in South

Africa cargo damage claims were made by cargo owners against the shipowners under the bills of lading.

The shipowners informed the charterparty contained an indemnity clause, clause 13. It read "Indemnity for non-performance of this charter.

The shipowners informed the charterparty and the bills of lading.

The shipowners informed the charterparty and the bills of lading.

The shipowners informed the charterparty and the bills of lading.

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The shipowners informed the charterparty and the bills of lading.

The read "Indemnity for non-performance of this charter.

The shipowners informed the charterparty and the bills of lading.

There was no ground on which the court could or should limply into the charterparty and under the entirators, and the award was therefore remined to them to redefit in the light of the courts could or should limply into the charterparty and under the bills of lading.

There was no ground on which the court could or should limply into the charterparty and under the bills of lading.

There was no ground on which the court could or should limply into the charterparty and under the present case the charterers were not in breach of contract in tendering the bills of lading.

There was no ground on which the court could or should limply into the charterparty and under the present case the charterers were not in breach of contract in tendering the bills of lading.

There was no ground on which the court could or should limply into the charterparty and under the fills which they did present.

In the present case the charter was no ground on which the court could or should limply into the charterparty and under the fills which they did present.

In the present case the charter was no ground on which the court redeal transfer to the didner.

The chartery were not in breach of the shills of lading.

There was no ground on which the court redeal transfer to the didner.

The charter was no ground on whi

BENLINE SHIPPING (Private)
LTD v AN BORD HAINNE
("The C Joyce")
Who seem serviced the support of the manually liable for any claim the subject reliable makes the service of the subject reliable makes the subject reliable makes the subject reliable to the charters of the subject reliable to the subject reliable to the charters of the subject reliable to the subject reliable to the subject reliable to the charters and the reliable to the charters and the subject reliable to t

was no decided case on which they could rely as showing they were entitled to indemnity on such facts as the present.

In Moel Tryvan (1907) 1 RB 809 and Elder Dempster (1909) 15 Comm Cas 49 sbipownors were held to be ontitled to indemnity against charterers. But crucial m both decisions was a finding of disparity between the bills which the charterers were entitled to present under the charterparty, and the bills which they did present. In the present case the charterers were not in breach of contract in tendering the bills of lading.

The showners with a choice between taking over the defitive of a claim which they believed to be nothing to do with them, or thereafter (if that belief was falsified) finding themselves bound to Indemnify though the claim could be shown to be ill-founded or the settlement unsetsoppel was therefore rejected.

The present charterers with a choice between taking over the defitive of a claim which they believed to be nothing to do with them, or thereafter (if that belief was falsified) finding themselves bound to Indemnify though the claim could be shown to be ill-founded or the settlement unsetsoppel was therefore rejected.

The shipowners' argument on estoppel was therefore rejected. The was therefore rejected to indemnify differed from that of the arbitrators, and the award the charterers were not in breach of contract in tendering the bils of lading.

practice to a rule of law.

The rule contended for would' present charterers with a choice between taking over the defeate of a claim which they believed to be nothing to do with them, or thereafter (if that belief was falsified) finding themselves bound to indemnify though the claim could be shown to be ill-founded or the settlement unreasonable.

The shipowners' argument on

been appointed chairman of PORTCULLIS INSURANCE

Group chief for Marley

Mr George Russell has been appointed group chief executive of MARLEY. Ho was managing director of Edish Alcan Aluminium.

SERVICES end Mr Donald Webster-Sinelair becomes its communications and merketing. Ho will have overall responsibility for the group's private client services.

Lloyd's brokers and its subsidiary associated companies.

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Mr Ernest H experies to the finish Alcan Aluminium.

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Mr Ernest H experies to the finish Alcan Aluminium.

Mr Derek Hankinson, Mr Robin Pugsley, and Mr Basil Larsen. Mr Donald MacDonald, a founder director of MacDonald Orr has

also been appointed a director. RS COMPONENTS has appointed Mr Grant F. Rabey to the board, responsible for finance, management information systems and order processing. He joins from Avon Cosmotics, where he was a director of manufacturing.

Mr I. R. H. Beattle and Mr D. Prescett have resigned as director of James Netil Holdings, wholly-owned subsidiary, SPEAR & JACKSON INTERNATIONAL. Mr Prescott will continue as managing director of Spear &

Mr Edward Thompson bas been appointed finance director of WARDLE STOREYS and will assume bis duties early in April.
Mr Thompson joins the company
from Wilkinson Sword Group.

Mr John L. Barrons has resigned from the board of the PRESS ASSOCIATION, being no longer eligible to serve following bis departure from Westminster Press. Sir Richard Storey, chairman of Portsmouth and Sunderland Newspapers, has been co-opted to the board to fill the vacancy.

Dr John Penney bas been appointed managing director (designate) of the electronics division of MITSUBISHI ELECTRIC UK. He was previously general manager, telephones and personal communications, at STC Telecommunications. Initially, Dr Penney will run Mitsubishi's electronics operations jointly with former division manager Mr Hisan Okada, who has also been appointed to the board.

Mr Roger Olierton has joined BROOKES AND VERNONS (MIDLANDS) in Birmingham as similar position.

Dr Alan Rudge has been appointed to the board of RICARDO CONSULTING ENGI-RICARDO CONSULTING ENGI-NEERS. Ha is managing direc-tor og ERA Technology, and will McDONNELL DOUGLAS INserve in a non-executive caps. FORMATION SYSTEMS, Hemel

SMURFIT JEFFERSON JEFFERSON SMURFIT GROUP has made Mr Toay general manager of BARCLAYS managing hierotor of Smurfit Paper Mills, ger on June II. Mr Bill Keat-divisional managing director of the paper and board division, tor of the bank in London, has embracing Burnley Paper Mill been appointed ganeral manager Alders Paper Mills, Central Waste and Hammond Metal.

\*

EMESS LIGHTING has approximate the paper with the Netherlands, based in the Netherlands, based in the Netherlands.

Following the appointment of Mr Chips Keswick as chairman Mr Chips Keswiek as chairman and chief executive of HAMBROS BANK (Financial Times, March 6), the following have become directors of the bank: Mr J. D. Blumson, Mr T. F. Candy, Mr C. G. E. Palmstierna, Mr R. A. Thomas, Mr R. A. Thomas, Mr R. A. Thomas, Mr R. T. Williams and Mr C. E. Wilson.

HABITAT MOTHERCARE bas appointend Mr Denis Cassidy, deputy chairman of Storehouse, and chief executive and manag-ing director of British Home Stores to the board.

Mr Anthony Rentoul bas been appointed secretary of THE DAILY TELEGRAPH in succession to Mr Tony Haghes who recently joined the board as finance director.

COMPREHENSIVE MARITIME INSURANCE SERVICES has been formed by W. E. Cox and Co (Recoveries), Richards Hogg International Adjusters, and Robert Lyon and Co. It will offer a claims settlement. recovery, loss adjustment, and inspection survey services and inspection survey service, and undertake on-site surveys of construction projects and loss prevention in connection with marine and non-marine insurance, and quality control. Executive directors are Mr Alan Reynolds, from W. E. Cox, and Mr Ren Hipkin from Richards Hogg.

Dr Ivan Dunstan has been

Dr Ivan Dunstan has been appointed director general of the BRITISH STANDARDS INSTITUTION from June 1. He succeeds Mr Derek (Spike) Spickernell who is to retire. Mr Spickernoll remains board member for international affairs, in his capacity as vice president of the International Organization for Standardization, until December 31 1987. Dr Dunstan has been standards director of BSI since 1983. Before joining BSI he was director of the Building Research Establishment at Garston for four years and preclient services director. He Research Establishment at Gar-joins from the Graham Poulter ston for four years and pre-Partnership where he hald a viously had been director of materials quality assurance in the procurement executive of floa Ministry of Defence.

Mr Geoff Miller, a deputy

HILL SAMUEL INVESTMENT pointed Mr John Sidwell to the SERVICES GROUP has appointed Mr Mark E. Tennant to the board. He joins from Fidepany acquired by Emess last lity International, where be was August.

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director of Royal Insurance PORTCULLIS F.T. ¢ROSSWORD PUZZLE No. 5,970

5 After mid-day, ring a man back about the smell (5)

1 It'e smart to know a young 5 Tickling master's back before exercising (7) 9 Walk between the seats (5) 10 Worn out by midnight, rode

8 Tha clothes went before being mangled (7) off with a criminal (9)
11 This play may be older,
ma'am (9) 14 Tease Lisa terribly when 12 The Job Centre say "why, in all possibility it's true!" 16 Devoted theologian con-13 Spoke at length with old copper on beat (5)

15 Turning in, elept and was 17 Lace or woolly kept in pin abducted (9)

18 Entering old-fastioned public school, set of (9)

18 case from China (9)

18 Cheated, putting new cars in shed (7) lic school, set off (9) 19 Rigby returned it before 20 The song in the act is put getting bored (5)
21 Said I'd dropped Monsieur
22 He was given soma tablets

Jack back after the dance 23 Black Rock Ravine in colour

25 He attacks the last Asian doctor (9) 26 Back to prompte the Railway Journal (5)

27 Attack man with very little money (7) 28 The soldiers ate outside, being exhausted (7) DOWN I Delighted when the Conser-

vative leader gets hurt (7) 2 Broke in; thereupon fifty escape (9) 3 Massage Ken chumsily, taking little notice (5) 4 Novel place to sell a eard



23 Cunning airmen will find themselves in court (5)

24 The Italian leader and I

6 Gun trained on every worker

7 A cream top for the girl

French aunt comes round

sumes iced tea concoction

off till later (7)

moved here (5)

that'e discourteous (9)

30		Financial Times	Wednesday Mar	ch 12 1986 Asser Co Ltti—Conta
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CHICAGO

LIVE CATTLE 40,000 fb. cents/H

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1 kg-ril 40.17 40.20 39.22

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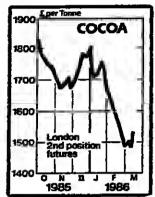
# Cocoa price up sharply as pact hopes revive

NEGOTIATIONS on a new International Cocoa Agree-ment which hroke down dramatically last week following the walk ont of the Ivory Coast new seem to be on again following an apparent change of heart by President

Felix Honphonet-Boigny.
Officials of the European
Commission, who tentatively
suggested there had been a
turnabout yesterday, now
think that talks aimed at renewing the pact may begin in

newing the pact may begin in earnest in July
But there remains some
uncertainty as to the formal
position of the Ivory Ceast's
Government.
Reports of an apparent
agreement on renewing negotiations provoked a strong
recovery of cocoa prices

recovery of cocea prices yesterday and officials of the United Nations Conference on Trade and Development (Unctad), which oversees the pact, welcomed the apparent breakthrough.



Confusion over the eccoa talks began at the end of last month when the Ivory Coast surprised both fellow pro-ducer countries and the consumer states by unexpectedly abandoning the negotiations at a point when the agenda for discussion was about to be

drawn np.
Abidjan's decision, once confirmed, prompted the EEC the largest consumer group—to announce that it too would abandon the pact as meaningless without the producer responsible for some 26 per cent of world output.
Discussions immediately
began on how to set about

winding np the agreement.
However, when Mr Lorenzo
Natali, the Development Commissioner, visited the Ivory Coast on a long-standing engagement last weekend, Mr minister, is understood to have suggested that the talks might now resume.

Preliminary discussions are now expected in London in June, followed by a resumptlon of the full negotiation in

The reasons for the Ivory Coast's see-saw attitude to a new pact are unclear. But it is understood that several elements in the package including the level of median prices, the prospect of fluctuating rates during the year and general unhappiness with FFC trade wells. with EEC trade policy are

among them.

However, it was made clear yesterday that Ahidjan is ready to see "economic elements." by implication a deal on prices, in a new accord. Richard Mooney writes: Reports of the change in the Ivorian attitude to the pact

hrought a quick response on the London futures market, which was also bnoyed np by a strong overnight recovery an the New York market. The May position in London, which had fallen by more than £300 since the start of the year, railied by £52.50 to end the day at £1,536.50 a tonne.

Pessimism about prospects for a new pact and the possi-bility of the existing 100,000 tonnes huffer stock baving to liquidated have been largely responsible for the price slide in recent weeks.

### WEEKLY METALS

All prices as supplied by Metal Bulletin. ANTIMONY: European free market. 99.6 per cent, \$ per tonne, in warebouse. 2,650-2,720.

BISMUTH: European free market, min. 99.99 per cent. \$ per lh, tonne lots in warehouse. 3.25-3.40,

CADMILIM. Envoyeen free CADMIUM: Enropean free market, min. 99.95 per cent,

\$ per lh in warehouse, ingots, 0.73-0.78. sticks, 0.77-0.81. COBALT: European free market. 99.5 per cent. 8 per lb, in warehouse. 9.70-10.00.

MERCURY: Europeen free market min. 99.99 per cent,

# Confrontation looms in Australian coal industry

A\$60 to A\$70 a week pay rise. And the Queensland Go ernment has backed away from a bead-on clash with the militant coal unions over the State Government's proposed legislation to ontlew strikes in export coal unions over the State Government's proposed legisla-tion to ontlaw strikes in export

Yesterday the Coal Industry Trihunal started hearings into the miners claim but adjourned the miners' claim but adjourned the hearings until Friday because bans were in force by some workers in Queensland.

The unions and employers have already failed to agree on fundamental issues. The coal owners wanted the unions to undertake that there would be no industrial oction while the no industriol oction while the pey hearings were taking ploce pay hearings were taking by and that they would ablde by the decision of the Tribunalthe arhitration body for the

STRIKES ARE likely to disrupt they had already been given a the Australian coal industry mandate from membership for over the next few weeks as industrial action, including over the next few weeks as industrial action, including miners press their claims for a strikes in support of the pay Asso to Asio a week pay rise. And the Queensland Governant assurance that the Tribunal's

they would prefer disputes to be settled through the Tribunal rather than through the pro-posed anti-strike legislation—at least in the short term.

The controversial legislation,

which would attempt to outlaw strikes in export industries, was introduced into the Queensland Parliament last week following the February strike hy coal After talks with coal company representatives, the Queensland

Industrial Affairs Minister, Mr Vince Lester, has agreed to delay passage of the legislation until after the Coal Industry ndustry. Tribunal hearings into
The unions, however, said miners pay claims.

Apart from coal, the legisla-tion would affect sugar, beef, grains and all other items exorted overseas or interstate.

Oneensland coal officials have warned that the legislation will be met with an legislation will be met with an immediate strike and prolonged industrial action. A union spokesman said millions of dollars of union funds would be transferred out of Queensland to avoid paying fines if the legislation were passed. the legislation were passed.

The coal industry in Queens-land and New South Wales can ill-afford a major confrontation with unions as stockpiles are at low levels following the Christ-mas holiday break and the one week strike last month.

However, the companies can also ill-afford the pay claims being sought hy miners. Coking coal prices are under pressure because of world oversupply and steaming coal prices and tonnages are likely to be depressed by the fall in oil

# Aid boost for cane growers

Sugar cane growers received some good news this week with the announcement that the Queensland state government is to provide a further AS24m in grants over the next three yeors. The Queensland Cane Growers Council has accepted the offer for up to ASSm a year for the next three years to help the industry with interest on stock holdings and advance pay-

AUSTRALIA'S EMBATTLED bution offered by Queensland and will put pressure on the federal Government to accept full responsibility for its price support scheme.
The federal Government has

offered A\$150m in price support over the next three years but so far has insisted that, since most of the sugar industry is in Queensland, the state govern-ment should contribute. Queensland has in turn

ments.
This hrings to around A\$50m price support is a federal the non-repayble direct contri- matter. However most com-

mentators see the latest offer by the Queensland government as little short of price support. Growers prefer direct payment price support, but the state government's latest offer may be accepted by the federal Government as sufficient assistance.

The state and federal primary industry ministers meet in

Brisbane on Friday to try to come to some resolution of the issue, which has left the financially hard-pressed cane

# US and EEC officials seek to calm farm trade friction

BY ANDREW GOWERS IN WASHINGTON

epartment of Agriculture, and on the issue. senior representatives of the European Commission. Mr Amstutz will also have a meeting later in the week with Mr Gerrit Braks, the Dutch Agriculture

Minister.
The US delegation's visit comes amid signs of an attempt on both sides to lower the tem-perature of their dispute over perature of their dispute over export subsidies. Last sutumn, the Reagan Administration announced that it would complain to the General Agreement on Tariffs and Trade (GATT) over the EEC's restitution payments on wheat. The Community retailisted by threaten.

SENIOR agriculture officials Community by awarding exform the US and the EEC are lo make another sttempt today to dampen growing trade friction provoked by farm export subsidies and by the scheme was launched last summer, the US has spent about \$140m on subsidising the sale of about \$2.5m tonner of produce.

"The question is, how can we both get ourselves out of this embarrassing situation where we've hoth threstened to take each other to the GATT," said

one official involved this week. . US officials now appear to be going out of their way to under-line the similarities between EEC and US export subsidies, particularly since the passage of the new US Farm Act, which makes the Export Enhancement Programme mandatory. They believe that this change of tack may improve the prospects for negotiating with the Community

the EEC will step up its off-loading of surplus produce on the world market later this year, as suggested by the Commission during the curto dampen growing trade the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the scheme was launched last year, as suggested by the the scheme was launched last year, as suggested by the scheme was launched last year, as suggested

ferously over the Community's 31 alleged failure to notify it for-mally of the adverse impact that

enlargement would bave on its exports. It also wants compensation for any loss of grain exports to Spain, and objects to the reservation of 15 per cent of the Portuguese grain market for EEC suppliers and tha setting of a temporary import quota for soys beane in Portugal.

Feelings are running high in Congress on this question. A group of 21 Senators, including the Senate majority leader, Mr Robert Dole, has written to President Ronald Reagan calling on him to retaliate against the EEC by withdrawing course. ing e similar action over the US's Export Enhancement Programme, which is designed to win back markets lost to the loss, the possibility that lent trade concessions.

Over agricultural trade rules.

President Ronald Reagan calling on him to retaliate against tion remains seriously continued to the possibility that lent trade concessions.

# **Bringing Portuguese farms** into the 20th century

BY DIANA SMITH IN LISBON

PORTUGAL HAS the highest farm population and lowest farm productivity in the EEC. This glaring discrepancy moved the European commission to design a special programme called PEDAP (European Programme for the Development of Portuguess Agricultura) gramme for the Development of Portuguese Agriculture), that for the next decade will pump 700m ECUs into modernising Europe's most inefficient farm sector, not only through funding but also through technical

The programme is an undoubted windfall for Portuguese farmers. But the special character of Portuguese agricultures and 1000 tiny character of Portuguese sgreature, divided into 900,000 tiny plots of less than 10 hectares, worked hy methods that in most European countries were abandoned in the 19th century, indicates that 10 years may not heart the average small he enough for the average small fermer to learn how to make optimum use of the EEC's eommon agricultural policy.

The bleak outlook for Portuguese farming is spurring the Government to promote EEC old and eventual competition as the best cure for low TUNGSTEN ORE: European free market, standard min. 65 per cent. \$ per tonne unit WO. cif. 53-61.

VANADIUM: European free market, min. 98 per cent V. O., other sourcea, \$ per lh V. O., cif. 235-2.38.

URANIUM: Nuexco exchange value, \$ per lh U, O., 17.00.

EEC sid and eventual competition as the best cure for low productivity, and to end e bizarre pricing system where grain producers enjoy prices well obove EEC averages for yields often only a quarter of the Community's and quality that leaves much to be desired. Over the next decade some Portuguese farm prices will travel downwards until they market, min. 98 per cent V. O., other sourcea, \$ per lh V. O., cif. 53-61.

VANADIUM: European free market, min. 98 per cent V. O., other sourcea, \$ per lh V. O., cif. 235-2.38.

URANIUM: Nuexco exchange value, \$ per lh U, O., 17.00.

on a 400 bectare spread while his Danish or British counterpart uses 2 men for the same-sized farm, and manages to get incherg lettuce in the sunbaked sized farm, and manages to get double the yield per bectare. The vulnerability of its agriculture led Portugal to negotiate long transition periods so that most EEC farm produce may not be imported for up to seven years - while Por-

THE CAP **ENLARGED** and the

tuguese produce can start pene trating EEC markets after two or three years.

or three years.

Otharwise fruit or vegetable growers would be flattened fast by cheaper, better-quality EEC — especially Spanish — produce. Only a few, nuderstanding that EEC accession meant opportunity for exports as well as challenge on the home market, have invested in market gerdening. And dairy co-operatives have sought association with EEC counterparts like Danisb dairies, in search of new technology and strong market penetration for high-quality milk and yogburt.

A few enterprising non-

Algarve are being exported by British entrepreneurs. Dutch and German growers are producing household plants for export. The Portuguese authorities bope these successful ventures will inspire portuguese investors to follow Portuguese investors to follow

Meanwhile the Agriculture Minister, Mr Alvaro Barreto, ex pects the first effects of EEC accession to show by the end of this year, thenks to an initial input of obout Esc 15bn (\$90m) in EEC and Portuguese state

Access to the European Farm Fund (Feoga) will allow the Government to start work on vital projects; and hereafter about Esc 40bn 8 year will be pumped into Portuguese ogri-culture. The EEC will supply Esc 23hn and the Portuguese Tha money will be spread

over infrastructures — rural roads, electrification, irrigation and drainage, where in many cases the EEC will lend up to 75 per cent of cost or pay direct

series appeared on February 26, Morch 5 and March 7.

LONDON **MARKETS** COFFEE

pendulum continued on the naswing in the London futures market yesterday, but remained within the recent, wide trading range. The May position added £52 to Monday's £14 rise as the firm tone in the New York market helped London traders to helped London traders to ignore the bearish influence of sterling's strength against the dollar. The world sugar market was also firm with nearby prices on the London futures market finishing around \$5 higher and just below 164-month highs. Once again the New York market led the way and the nptrend was fuelled by reports of enquiry for white sugar by Pakistan and Bangladesh. There was also talk of resumed Indian buying for another 100,000 tonnes. The cocoa market reversed its recent downtrend as reports from Brussels that the Ivory Coast was rethinking its stance on the International Cocoa Agreement prompted a £52.50 rise in the May posi-

# MILLIMINITIM

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	Unoffici close(p.		High.low
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COPPER

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CATH	ODE	S		

Cash 5 months Official (984-6): 1	a pound, v Ma April, x April.			
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	Unoffictal + or close p.m E per tonne	High.low	prices.	Beef with Capital
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0.00	at along family Co	4h 745-6 5	Aneil	104

(243-3.5); three months 255-5.5 (253-3.5); settlement 245 6 (243.5). Final Karb close: 27-6. Turnover: 3.600 tonnes. US Spoi: 18.00-20.90 cents per

NICK	EL	'.	
	· Unofficial .close'p.m. .£ per n	1 - H	igh low
sah montha	2790 808 2870-5	-40.0 -13.5 28	96/2970
Off alal	eloring (	m): Cash	2810.5

Official closing (am): Cash 2810-5 (2835-45): Ihree menths 2894-5 (2915-20): settlement 2815 (2845). Finel Karb close: 2875-85. Tumover: 906 tonnes.

Kuale Lumpar Tin Market—Close 17.88 ringgit per kg down 1.12 ringgit.

High grade	Unolficial slose(p.m.)	— н	igh /low
Cash	497.8 441.3-9	+1.0 4 +0.25 4	26,6r428,6 146,5:440
7.5 (419- (435.5-5.5) Final Ker 3.975 ten	closing (sr 20): three ; selllement b clase: 44 inca. US	months 1. 427.5 46-6.5. T Prime V	440-1 (420). Urnover:

GOLD BULLION iffine ounce; Mar. 11

Close 5543 34512 Opening \$341 4-34154 M'ni'g fbt. \$341.66 Aft'n'n fix 5342.90	(£23414-05514 (£28512-8351 (£255.946) (£234,783)
GOLD AND PLATE	UM COURS
Krgrind. 8346-347 12 Krug. 181.163 14 Krug. 892.95 118 Krug. 5574-3814 Maprietan 5353-554 Angel 8353-554 1:10 Angel 8353-4012 New Sov. 892.4-8312 14New So	(£25714 85814 £18414-1251 £634-634; £6251-0514; £2421-2451; £0401-24451; £0401-24454; £2554-5714; £2554-5714; £2554-54; £260-6114; £2954-4322; £28414-9874;

SILVER

Bilver was fixed 3p an ounce higher for npot dnirvery in the Londen bullien merket yesterday et 385.7c. US cent equivalents of the fising levels were: spot 561c, up 8.1c; three-month 571.3c, up 8.4c; sia-menth 581.3c. up 6.25c; and 12-menth 602.55c, up 5.4c. The mattel spened at 3854-3864, (558-560c) and closed at 3854-387-2p (363-565c).

SILVER Sullion 4 or L.M.E. per Fixing p.m. Unofficit LME-Tumover: 8 (4) lets e1 10,000

oz. Cesh, high 398p, lew 383o, thme months high/low 394o. Final kerb 398-7p. JUTE JUTE-March Agril c and f Dundae: 8TC \$420, 8WC \$420, 8TD \$360, 8WD \$360; c and f Antware: 8TC \$400, 8WC \$400, BTO \$350, 8WO \$350.

RUBBER

PHYSICALS—The Lenden market somed outset with vary little consumar interest throughout the day and clessed (owet, réports Lévin sen? Pest. Closing prices (buyare: Sopt 50.00o (58.50o); April 59.00p (59.50p); May 59.50p (50.00ol The Kuela Lumour Aoril fob prices (Malayan/Singapore cants) per kg: RS\$ No 1 was 195.0 (199.0) and for SMR 20 197.0 (198.0).

INDICES FINANCIAL TIMES Mar. 11 Mar. 10 M'th ago Yearago

(8aes: July 1 1952=100) REUTERS Mar. 11 Mar. 10 Mith ago Year ago 1825.7 1825.7 1846.1 8035.7 Base: September 18 1931 - 100)

DOW JONES Dow Mar. Mar. Month Year Jones 10 7 ego ago Spot 199.47 129.05 - 115.50 Fut. 153.71 135.14 - 120.41 (8ass: December 31 1331 = 100)

Net evailable due to suspension tin LME

MAIN PRICE CHANGES

In tonces unless otherwise stated. LME prices supplied by Amalgamated Metal Trading.

Per kile :deadweight: 104.90 -1.0 196.00 +0.50 104.50 - 183.50 +5.50 103.50 -1.0 193.50 +2.50 103.50 - 190.00 -103.80 - 0.40 183.50 -1.60 109.70 +0.70 183.50 -1.00

COCOA

COCOA £ per tonne

March. 1550-1665 + 83.5 | 1661-1514 May 1855-1538 + 55.5 | 1641-1495 July 1559-1571 + 57.0 | 1572-1525 Sept. 1598-1600 + 57.5 | 1602-1554 Rec. 1595-1634 + 51.0 | 1628-1667 March. 1665 | 1655 + 48.5 | 1687-1687 May 1870-1578 + 50.0 | 1678-1859

Seles: 6.559 (3.360) lote of 10 tonnes. ICCO Indicator prices (1.8. cents per pound). Delly price for March 11: 97.88 (93.31); five-day average for March 12: 95.10 (94.84).

COFFEE

March ... | 2555 2565 + 60.0 | 2565 2515 |
May ... | 2650 9671 + 40.0 | 2525 2592 |
July ... | 2678 8680 + 35.5 | 2588 2655 |
Sept ... | 2750 0726 + 88.0 | 2749 2719 |
Nov ... | 0768 8775 + 61.5 | 2775 2736 |
Jan ... | 2785 2785 + 15.8 | 2805 2730 |
Mar ... | 0795 2840 + 22.5 | Sales: 3,454 (1,895) lots of 5 tonnes. ICO indicator prices (US cents por pound) for March 10: Comp. dnily 1979, 207.79 (207.24); 15-dny averago 205.54 (203.68).

SOYABEAN MEAL

The merket opened unchanged end in festureless treding conditions values drifted alightly in extremely quiet trading, reports Muirpace.

GRAINS

Old crop eased on weeker country mnrkets belom rallying an Commission House buying while new crops traded nervosuly an long liquidation, raports T. O. Roddick. BARLEY

Sales: 51 (77) lots al 20 tonnes.

Mer... 116.76 —0,16 115.13 —0,20 May 118.10 —0,25 118.10 —0,19 July 110,10 —0,25 97.60 —0,28 99.06 —0,16 97.60 —0,28 Nov 102.18 —0,05 101.15 —0,10 Jan 105.58 —0,10 104.76 —0,20

Buninnes dene—Wheet: Mirrch 118,75-558, May 118.20-8.00, July 119.20-9.10, Sept 99.05-8.95, Nov 102.10-2.00, Jan 105,65-5.60. Sales: 232 lota of 100 tonnes. Sariey: March 113.15-3.00, May 118.00 only, Sept 67 60 only, Jan 104.80-4.75, Soles: 81 lots of 100 longes.

US MARKETS

DOLLAR weakness prompted huying in precious metals and copper but ancertainty with regard to the eventual nutcome of the London tin erisis kept huying somewhat subdned, reports Heinold Commodities. Sugar achieved new contract highs primarily on technical considerations. Speculation that the Ivory Coast may return to talks on a new international coefa agreement and dollar weakness sparked o sharp rally in cocoa.

NEW YORK ALUMINIUM 40,000 fb, cents/lb

COCOA 10 tonnes, \$/tonnes

COPPER 25,000 lb, cents/lb

COTTON 50,000 lb.

CRUDE OIL (LIGHT) 42,000 US gallons, 5

March 343.5
April 344.9
May 346.7
June 348.6
Aug 352.3
Oct 355.8
Dec 356.8
Feb 383.7
April 367.3
June 371.2
Aug 375.3
Oct 396.6
Dec 384.1
HEATING OIL

SPOT PRICES

SUGAR

No. 6 Con-close close close done

Selee: 2,306 (2,218) lots of 50 tonnee.
Tate and Lyle delivery price for granulated boats augar was £217.0 (same) a tonne for export.
International Sugar Agreement—(UB can's per cound fob and stowed Caribbean ports.) Prices for Merch 10: 0aily orice 8.35 (6.41): 15-day average 5.56 (5.88).

PARIS—(FFr per tonnn): May 1380/ 1352: Aug 1385/1390: Oct 1425/1430: Occ 1450-1465: May 1485/1510; May 1550/1575, Sales: 301.

Market quist, recouples recent leases and consolidating in thin valume. Agril-May apread treding agein leatured etrongly, reports Colsy and Horper.

& per tonne

Apr ...... 102.50 100.80 122.50 101.0 Mey ..... 111.90 109.90 111.90-116.5 Hoy ..... 79.50 79.00 72.50 79.50 Feb ..... 87.50 86.50 Apr ..... 101.50 100.50 101.08

FREIGHT FUTURES

Decpite reasonable physical activity no new direction in the tanker market spears to have emerged over the past

POTATOES

April May

GOLD 100 troy oz, S/troy oz

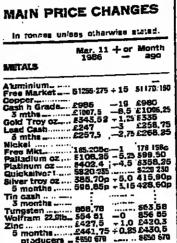
42,000 US gallons, cents/US gallons

High Low Press. 47.80 46.15 46.83 43.70 41.50 40.67 41.60 39.60 39.12

Close High Low Prev 253.56 254.25 250.25 248.50 256.50 257.00 252.70 251.33 258.18 259.18 256.25 255.18 262.00 263.00 263.00 263.00 263.50 263.60 263.50 263.60 263.50 263

67.95

Prov 341.9 343.3 346.6 347.0 350.7 354.3 358.2 365.7 369.6 373.7 382.5



t Unquoted, † Per 75-lb flask, c Cents a gound, v May, y April May, z March-

held their firmer trend by stronger physical lutures gained further April gaining, reports

Pigraea: coles: 12 (80) (ots of 50 carcases, 3,250 kg.
Beef sales: 11 (10) lots of 20 sides.
MEAT. COMMISSION—Average fetatock prices at representative markets: 68—Cattle 96.13p per kg | w (~0.52); 68—Sheep 221;19p per kg est dew (+7.53); 68—Pigs 78.31p per kg (w (+0.41).

Origin selling provided some early restraint in a steady futures market but the belief that a new cocoa agreement might yet be negotiated epitred buying through limit up levels. Prices closed near the day's highs at the end of an active session. Menufacturers expressed little interest, reports Gill and fluffue.

COFFEE Yesterdy's + or Business Done

Yesterday + or Business close - Done 

WHEAT 5,00 bu min, PPOT PRICES—Chicago loose lerd 13.00 (13.25) cente par pound. Hendy and Harman silver bullion 563.0 (559.0)

MARZE 6.000 by mi cante/66 lu-bushel

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent May 123.75 transahipment east coast: US No 2 soft red winter Jues-July 95.75; EG first half March 143. English feed lob March 118.50 sellar, April 118.00 buyer, April-June 120.50-121.50, Sept 107.00-102.00, Oct 103.00-104.00, Oct 106.00, Jan-March 111.50 sellers, April-June 116.50 buyer east coast. Maize: US No 3 yellow/French transhipment east coast March 144 seller. Barley: English feed fob March 110.00 buyer, Scatland April 118.75, April-June 121.00 seller, July-Aug 85.50 seller. Sept 100, Oct-Dec 104, Jan-March 110 buyers. Rest unquoted. HOCA—Herewith seller, July-Aug 85.50 seller. Sept 100. Oct-Dec 104, Jan-March 110 buyers. Rest unquoted. HOCA—Herewith coay's locational seller mapot prices: Feed Wheat: S. East 12.70; W. Mids 15.00; N. West 110.10. The UK monelery coefficient for the wash beginning Monday March 17, (based on HGCA calculations using five days eschange rates) is expected to remain unchanged. faw doys with the result that futures values have remeled static emider thin trading conditions reports Clerkson Wolff.

Futures values fall today as the improved physical leasts seen of late falled to show positive signs of continuation. Close | NightLow | Prev.

Dry Cargo | 845.646 | 851.846.5; 855.854 | 758.750 | 754.756 | 755.750 | 860.655 | 864.864 | 954.865 | 862.666 | 860.866 | 870.865 | 965.928 | 943.946 | 835.875 | 980.885 | 940.870 | 956.875 | 749 | 741 Tumover: 99 (81). Close | High/Low | Prev.

LONDON DAILY PRICE—Raw sugar \$162.5 (£112.5), down \$1.00 (down 50p) a tonne for March/May delivery. White ougar \$186.5, down 50c.

Prices rallied strongly making new highs for the move following high priced sales of That rews operator to sperator, reports C. Czarnikow. Tumover: 92 (38).

Brent traded thinly for April and May at sharply higher prizes. Nymex WTI for April opened 15c up and traded 19c up at 1.30 pm EST. Fuel oil wes erable in queet trade. Setter-thenespocted fuel oil demand was placed ogminst liss-then-enticipated supplies. Nightha and Moges very quart, ussoil firmed with more buyers than sellers of prompt oil reported.—Petroleom Argus London. May ..... 166,2-166,6 152,0-152,2 161,6-151,2 Aug ..... 166,0-168,0 152,0-162,2 167,0-166,5 Oct .... 170,0-770,4 162,8-162,2 177,0-166,5 Osc ..... 174,0-175,4 165,0-165,8 Mar. ... 181,0-181,6 172,0-175,6 777,2-172,4 May .... 184,0-186,0 176,0-176,0

Latest CRUME OIL-FOB (\$ per barrel)-April 

PRODUCTS-North West Europe Prompt delivery oif (\$ per tonne) Premium gasoline... 155-150 ... — 105-198 ... → 0.0 Gas Oil... — 105-198 ... → 0.0 Gasoline... → 117-119 ... — 0.5 Month Close Done

April 184.50 + 9.50 185.50 46.60 May 157.28 + 8.81 165.58 36 4 400 - 122.50 + 5.25 185.75 50 0 400 + 3.50 184.58 51,00 + 3.50 184.58 51,00 + 3.75 185.58 51,00 158.60 + 3.75 185.58 51,00 158.60 + 3.50 186.59 51,56

Saics: 55 (1.415) lots of 40 teness. Earliss—July \$1.30, +0.3; Aug 72.50. -5.0; Sept 57.50, -7.5. Saics: 0 (0) lots of 10 teness.

MIE CROSS

MERINCY :

YEY MAR

JOSH MIER

44... 2011

# CURRENCIES, MONEY and CAPITAL MARKETS

### FOREIGN EXCHANGES

# Dellar loses ground

The dollar falled to sustain a raily above DM 2.2800 against £ IN NEW YORK the D-mark yesterday and eased back to below DM 2.27 as sellers

Gloss Mar. 11 p. back in below. Bill 227 as sellers once more gained the accordancy.

Some correction to Monday's sharp improvement had been inevitable and after a quiet morning, activity picked up as the US unit failed to attract any follow through buying. A number of US commends taitistics are due for release later this week and may provide some clue on the performance of the US collar.

Sterling benefited from the dollar's decline and showed useful gaios against most European currencies. The current attraction of the US collar.

| Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low | Low

1 100 hp 0 35.5 pp 0 25.9 pp 0 25.9 pp 0 25.0 
: icde = 보 투표 2013 9228 원교 . : 무무료 보조

A TO MAN TO THE WAY TH

Mar. 11 Prev. close

the performance of the US economy. However, with last week's round of interest rate cuts now out of the way, the market reverted to its bearish trend in the sheenen of any other factors to influence trading. The dollar closed at DM 2.2850, down from DM 2.2800, and T179.25 compared market as broadly neotral and the prospects of an early reduction in clearing bank base rates of England figures, the dollar's exchange rate index fell from 118.6 to 118.0.

STERLING — Trading range against the dollar's exchange rate index in 1985.56 is DM 3.2975 from DM 3.2850 and the prospects of an early reduction in clearing bank base rates of the dollar in 1985.

The pound touched o best fooliar's exchange rate index fell from 118.6 to 118.0.

Op from \$1.4620 against the dollar from 2.2850 for DM 3.2975 from DM 3.2850 and the prospects of an early reduction in clearing bank base rates of the dollar closed at Y180.00, up from 51.4620 against the dollar closed at Y180.00, up from 2.2950 from DM 3.2950 and the dollar in 1985.

STERLING — Trading range against the D-mork it rose to dollar closed at Y180.00, up from 2.2950 for DM 3.2975 from DM 3.2850 and the market appeared still to be inside at smalls age figure was 78.2.

D-MARK — Trading range to 79.32 from Y80.16.

POUND SPOT-FORWARD AGAINST POUND 

DOLLAR SPOT-FORWARD AGAINST DOLLAR | Series | Series | Close | Cos | Co

**EXCHANGE CROSS RATES** Mer.11 E 8 DM YEN FFR SFR N.FR Lira C6 BFR.

2 1 2466 5886 2618 10.15 0.786 5.723 2240 2.042 67.40

3 0.687 :1: 2.265 179.9 6.968 1.921 2.557 1639 1.408 46.30

## 0.200 | C442 | 1. | 73.08 | C442 | C4

Mar. 11	Short term	7 Days notice	Month	Three Months	Stx Months	Otio
Sterling	13-151 <sub>2</sub> 50g-51 <sub>4</sub> 214-3:	151 <sub>6</sub> :131 <sub>4</sub> 77:73 13:131 <sub>4</sub> 55 <sub>6</sub> :51 <sub>4</sub> 264:21 <sub>6</sub> 466:47 <sub>6</sub> 13:14 .18:20	124-124 74-74 112-124 54-54 54-54 44-46 16-104 161-134	11/4-11/5 7/2-7/6 1076-11/5 032-569 332-379 434-4/5 14/4-14/2 17-1734	11/4-11/4 7/5-7/4 8/2-10/4 5/2-5/4 5/4-5/4 4/4-4/4 12/5-12/5 15-10/2	104:-114 75:-712 95:-973 57:-52 54:-54 44:-44 105:-1073 143:-1014
H.Fr.(Fin) B.Fr.(Con) Yeh D: Krone Asten 5 (Sng)	104-114	934-10 12-15 578-556 788-818 778-778	954.915 13-14 512-518 734-914 715-715	96g-97g 1034-111g 61g-5-8 75g-81g 73g-71g	87g-91g 81g-10 514-57g 71g-5 74g-71g	81s-84 81s-9 514-53s 71s-8 71s-71s

Long-term Eurodollars; two years  $T_0 - \theta_1$  per cent; three years  $\theta_2 - \theta_3$  per cent; four years  $\theta_3 - \theta_3$  per cent; five years  $\theta_4 - \theta_3$  per cent nominal. Short-term retail and cent for US dollars and Japanese yen; others two days' notice.

**MONEY MARKETS** 

# Cautious optimism on satisfactory M3

The rise of I per cent io sterling M2 money supply doring the five weeks to February 19 for 12f-12f) per cent. Later in the morning 569m bills were strongly neutral by the London money market yesterday. The figure neither enhanced or set back hopes of an early cut in clearing bank base rates, but dealers suggested thin terms provided by the authorities in supplying liquidity to the banking system bounded towards caution. A cut in base rates is etill expected, but probably not until around Budget time, next wek, with opinions divided

UK clearing banks base lending rate 12f per cent.

Since January 9

offered, and at that time the authorities bought £650m bills and and at the time the authorities bought £650m bills announced temporary focilities for the banking system, by way reserve assets by the commencial banks. The Bundesbank will announced temporary focilities for the banking system, by way of reparchase agreements on the morning £69m bills were bught outright, in band 2 at 12f per cent. In the afternoon close the banks never bought outright, in band 2 at 12f per cent.

Late assistance of £375m was also provided.

Bills maturing in official bands, repayment of reparchase agreements on the morning £69m bills were bught outright, in band 2 at 12f per cent. Late assistance of £375m was also provided.

Bills maturing in official bands, repayment of fresaury bills drained £945m, with £50m. These outweighed a fall the ooft circulation adding from the market bearing system pointed towards caution. A cut in base rates in supplying liquidity to the bank maturing in official bands, repayment of the banking system by way of reparchase agreements on the morning £69m bills were bught outright, in band 2 at 12f per cent. Late assistance of £375m was also provided.

Bills maturing in official bands, repayment of the banking system by way reserve assets by the commendation that banking system, by way reserve assets by the commendation the banking system body, vis a 2 banking system body. Vis a 2 banking system body vis a 2

between a reduction of } per cent and I per cent. Three-month interbank fell to 11} 111 per cent from 1111-1118

UK clearing banks base lending rate 12½ per cent since January 9 (Lunchtime) Prime rate 9

Broker Igan rate 9

Broker Igan rate 72

Fed funds of intervention 72

Treasury Bills & Bonds
One month 6.18

Two month 6.75

Three month 6.75 per cent.
The Bank of England forecast a money market shortage of 2950m initially, but changed this to £1,050m at noon, and to £1,000m in the afternoon. Total assistance of £1,020m was provided Three month 6.76
Bix month 6.87
Ona year 7.02
Two year 7.17
Three year 7.28
Five year 7.38
Seven year 7.32
30 year 7.35 An early round of help was 30 year

FT LONDON INTERBANK FIXING

Six months U.S. dollars (11,00 a.m., March, 11) Three months U.S. dollars. Offer 7 7:16 The fixing rates are the erithmetic means, rounded to the nearcs1 one-sixteenth of the bid and offered rates for \$10m quoted by the market to five

relevence banka et 11 sm each working dey. The banks em National West-minater Benk, Bank el Tekyo, Geutsche Bask, Ganque Nationalo de Pana, and Morgen Gueranty Trust.

index 134.5 agains1 123.8 six months ago. The D-mark improved against

against the dollar in 1985-86 is 3.4510 to 2.1990. February average 2.3310. Exchange rate

The D-mark Improved against the dollar as the latter feiled to sustain a rally above DM 2.2800. It closed at DM 2.2640 down from DM 2.2840 on Monday. Earlier in the day it had been fixed at DM 2.2739 without any intervention by the Bundesbank. Dollar sentiment remained bearish with US economic data due later this week likely to provide some close as to current US economic performance.

JAPANESE YEN Trading

**CURRENCY MOVEMENTS** 1980-1982-100. Bank of England Index (bues sverage 1975-100).

OTHER CURRENCIES

Arg'tine... 1,1590-1,15130,8000-0,8010
Atm'ells ... 2,0520-9,0560 1,4170-1,4180
Brazil ... 19,95-90.07 15,77-15,84
Finland ... 7446-7,4905,5,1340-8,1350
Greece ... 202,84-206,94140,93-145,06
H'kong ... 1,1238-11,386 7,8106-7,8125
Iran ... ... 116,85° 88.80°
KJWalt ... 0,4170-0,4180-0,2588-0,2588
LOC burg ... 0,715-2,7810-1,9055-1,9065
WZ isad ... 7,715-2,7810-1,9055-1,9065
Sandi Ar, 5,3905-5,3370-3,6540-8,8070
Sin'pore... 3,1290-5,1346/2,1665-2,1656
C.Ar, (Fm) 2,8669-8,8710-1,990-1,9860
S.Ar, (Fm) 3,9600-4,0720-2,7395-9,8170
U.A.E. ... 5,3506-8,5830-3,6720-3,8730

CURRENCY RATES

EMS EUROPEAN CURRENCY UNIT RATES

±1.5425 ±1.5421 ±1.1455 ±1.3954 ±1.6182 ±1.6673 ±4.0856 Belgian Franc ....
Denish Krone ...
German Denark
Franch Franc ...
Dutch Guilder ...
Irish Pual .....
Italian Lim ..... Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

5,00-5,00 4,50-4,65-4,65-4,60-4,00-4,00-4,35-4,50

512 87,634 814-81 84,634 84,636

71-116 314-31 614-81 84,634 84,636

534-31 64,634 65,634 66,636

5,851-65 5,69375 5,46875 5,40625 61

14-144 155-1071 152-15161144-15 1214-13

LONDON MONEY RATES notice Month Months Months Year | 13-13a | 13-13a | 13-13a | 11a-11a Interbank
Sheriing CDs...
LocalAuthorityDepos
LocalAuthorityDepos
Local Authory Bonda
Disposint Mitt Depos
Company Depos
Finance House Depos
Treasury Bills (Buy)
Bank Bills (Buy)
Fine Trads Bills (Buy)
Bollar CDS...
SDR Linked Depos
ECUI Depos...

Tressury Bills (sell): one-month 12% per cent: three-months 11% per cent. Bask Bills (sell): one-month 12% per cent; three-months 11% per cent. Tressury Bills: Average tender rate at discount 11,5336 per cent. ECGO Fixed Finance Scheme IV reference data February 5 to March 4 (inclusive): 12,854 per cent. Local sutherity and Finance Houses seven days' notice, others seven days' fixed. Finance Houses 0ase Rates 13 per cent from March 11886, 6ank 0aposit Rate for sume at seven days' notice 6-8% per cent. Certificates of Tax Deposits (Berles 6): Deposits FIO0,000 and over held under one month 12% per cent onstitute months 11% per cent; three-six months 11% per cent; se-nios menths 11. Der cent; nine-12 months 11 per cent. Under £100,000 11 per cent from March 12. Deposits held under Series 5 11 per cent. Osposits withdrawn for cesh 7 per cent.

# FINANCIAL **FUTURES Further** peaks

Sterling interest rate con-tracts rose on the London Inter-nstional Floancial Futures Exchanges yesterday, while US Treasury bond futures were also firm, but Eurodollar futures finished unchanged, at the day's

nnished unchanged, at the day's low.

Long term gills for June delivery opened higher at 121-20, encouraged by the overnight streogth of the US bond market. The contract touched a high of 122-01, a new peak, but fell back as selling developed in US bonds, to close at 121-10, compared with 120,30 on Monday.

June short sterliog began at 89.27, and rose to a high of 59.40, before finishing at 89.28, compared with 59.22 previously.

Acart from the strength of the US bond, with buying in the Far East s factor behind the strong opening on Life, sterling contracts were also boosted by the mid-February UK money suncly and bank lending figures.

The market was looking for sunoly and bank lending figures.

The market was looking for a rise of 0.75 per cent to 1.25 per cent in sterling M3, with some forecasts ranging up to nearly 2 per cent. The increase of 1 per cent was therefore well received, and coupled with s rise of £1.5hn in overall bank lending — in line with the average over the preceding six months — did not dispel hopes of a cut in clearing bank base rates in the near future.

June US Treasury bonds siso touched a contract high, of \$7.17, eccouraged by a fall below 8 per cent in the yield on the cash long bond. No major US economic slalistics are doe for publication until Thursday, wheo retail sales figures will be retail sales figures will be released, but expectations of further weak data for February. and speculation shoul an easing of US monetary policy, added to demand. Although selling deve-loped, taking the June contract back to \$7.03 at the London close, compared with 96-18 on Monday, dealers commented that

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 Estimpled valums straic Cells 150 Purs 886.
 Previous days open interest Cells 10,061 Purs 7.381.
 LONDON 5E E/S OPTIONS

 C12.500 (centra ove Ct)
 (centra ove Ct)
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 1.250</td the only reason was profit taking, and that the market remains generally very nervous of being short. **CURRENCY FUTURES** POLIND-S(FOREIGN EXCHANGE) IMM-STERLING SA per £ Close High Low Prev
March 1,4800 1,6530 1,6530 1,4530
June 1,4465 1,4416 1,4309 1,4240
Sapt 1,4345 1,416 1,4309 1,4240
Eat. volume 30 (51)
Previous day's open let. 2,916 (2,922)
LIFFE—DEUTSCHE MARKS
DM 125,000 5 per DM

LONDON 25-YEAR 12% NOTIONAL GILT CS0.000 32nds of 100" Close High Low Prev March 67-14 \$1-23 \$7-16 \$6-31 June \$7-03 \$7-17 \$6-29 \$6-15 Sept \$6-13 — \$5-24 Est. Volume 6.928 (6.912) Previous day's Optio Int. 5.321 (6.83) Local High Low Prev Jupe 57-03 57-17 98-29 March 120-08 120-01 120-01 120-02 120-01 120-02 12 ### NOTIONAL SHORT O'R.T 2700,000

ConG40ys of 100%

InterUres Merch 99-41 39-55 39-41 39-29

US June 99-51 99-60 99-60 99-60

Pervious day's open int. 558 (881)

THREE-MONTH STERLING

200 March 83.21 88.27 88.20 88.18

March 95-65 95-18 95

June 94-21 95-04 94-05

THREE-MONTH STERLING

200 March 83.21 88.27 88.20 88.18

June 83-25 94-06 93-09

March 95-05 95-18 95

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THE Seqt. 83.11 88.27 88.20 88.18

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June 90.16 90.10 90.00 90. ## STATE TOO INDEX | Case | Prev | Pr Sim points of 100°C.

Close Hugh Low Prev Dec 92.86 92.81 92.58 92.56 92.56 92.76 92.76 92.76 92.70 92 

Financial Information Service on Japanese Corporate Issuers MIKUNI'S CREDIT RATINGS on over 2,100 band issues by about 700 Japanese companies (Effective as of July 1, 1986 : US\$2,600 per year) Plaese send further information

### Company Notices

OLD COURT DOLLAR COMMODITY TRUST N. M. Rothechild Asset Management IC.1.) Limited at present manages two sensites to commodity trusts. 8 sterling trust and a dollar trust and both trusts have similar objectives. The storing trust was designed to the storing trust was designed to the storing trust was designed by the storing trust was designed to the print has been used by investors from many different countries. In that therefore been decided that it would be appropriate for the Dollar trust to be merged with the Sterling trust. Dotals of the merger are laid down as available at the office of Person, Heldring & Plevann, Heldring & Plevann & Heldring & Hel AMSTERDAM DEPOSITARY
COMPANY N.V.
dam, 11ts March 1966.

ASSURANCE ASSOCIATION
Notice is bereby given that the
165th Angual Genaral Mesting of
the Association will be hold in the
Asmourer's Hall. Armourers and
Brasiers' Company. 81 Colman St.
London EC2R 58.3 on Wednesday 3
April 1968 at 12.30 pm to include
the following:
1. To adopt the Report and
Accounts for 1865
2. To re-elect Mr Peter Baring as a
Ginctor of the Association
2. To re-alect Mr Colin Edward
Hughes as a Director of the
Association
4. To ra-elect Mr Brisa Richardson
as a Director of the Association
5. To reappoint Price Westerhouse
as Auditors of the Association to
hold office and the conclusion
of the rext AGM.
P. Norton, Secretary
12 March 1986 12 March 1986 THACKERAY GALLERY, 16 Thackeray St., WS. 337 SES., SUSAN HAWKER, Paint-inss had Watercolouzs. Battl 4, April,

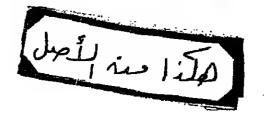
COMPAGNIE MANCIERE
DE CREDIT INDUSTRIEL
ET COMMERCIAL
Corporation organised under French
law with fimition liability
Societé anoryme
Capital: French in Chen. 750,900,000
66, rue de la Vircoire - Paris 9ème
Commercial Register:
Paris 6 542,016,381 SECOND NOTICE TO HOLDERS OF USSSO.000 EACH DUE 1997

The holders of Floating Rate Notes fise 1997 Issued by Commagnite financière de Crédit Industriel et Commagnite 1997 Issued by Commagnite 1998 being mable to moet validly fortack of quorum, are again called to an Ordinary General Meeting on Marth 2009 General Meeting of the notes of the motholders representatives flowers and of the remunication given to them. The commendation given to them. The commendation of the motholders restricted at the meeting the deposited at least twe days before the date fixed for the meeting, at the Offices of the basks having participated in the placing of these notes and from whom proxites or admission Gerds can be requested. 104% GUARANTEEN BONDS 1993 Holders of the above Bonds are advised that the Annual Report and Acrounts for Set was Section of the Transport of the Particle October 1989, and The BOC Group plc that Guaranter are available from The BOC Group of Chertsey Manual Properties of the BOC Group of Chertsey Road, Windlesham, Surrey GU20 6HJ.

TELEFONAKTIEBOLAGET L M ERICSSON US\$30,000,000 81% Loan 1989 S. G. WARBURG & CO. LTD. announce that the semi-annual redemption installment of Boads due 15th April, 1986 for a nominal value of USE 2.009,090 has been met by partnases in the market. 35 King William Street, London ECAR 9AS. 12th March, 1985 Art Galleries

TABLE 1								Total tanding		Che	nge onti	
AGGREGATE BALANCES		Fotal Canding			onth onth		£m	£Da		£m		£m
LIABILITIES Sterling deposits: UK monetary sector	£m 23.541	£m	+	£m 517	£m	Local authorities	776 2,694	33,662	+	18 190	+:	2,238
UK private sector UK public sector Overseas residents Certificates of deposit			+	968 20 72 2,996		Treasury bills	99 2,339	2,438	<u>+</u>	7 397	+	390
of which: Sight Time (inc. CD's)		125,918 47,906 78,011	_		+1,997 + 61 +1,936	Investments: British Government stocks Other	3,679 3,725	7.404	<u>+</u>	86 517	_	431
Foreign carrency deposits: UK monetary sector Other UK residents Overseas residents Certificates of deposit	16,206 5,969 47,227 6,050	75,452	Ξ	1,116 56 20 51	+ 989	Advances:  UK private sector  UK public sector  Overseas residents  Other sterling assets*	84,414 328 4,156	88,899 12,428	1+1-	9 41 814	=	782 343
Total deposits  Notes in circulation  Other Habilities*  TOTAL LIABILITIES		201,370 870 33,532 235,772			+2,986 - 6 + 872 +3,852	Foreign currencies  Market loans:  UK monetary sector  Certificates of deposit  Other	17,565 485 35,031	53.081		501 83 1,517		1.934
ASSETS Sterling Cash and balances with Bank of						Advances: UK private sector UK public sector	6,855 945	728	=	266 42		115
England; Cash ratin deposits Other balances	435 2,055	2,490	_	28	- 128	Overseas residents Other foreign currency assets	18,711	26,511 8,131	+	46	<del>-</del>	261 258
Market loans:						TOTAL ASSETS		235,772			+:	3,852
Other UK monetary sector UK monetary sector CD's	3,976 22,699 3,518			174 ,854 37		Acceptances Eligible liabilities		5,270 93,057		•	+++	251 642

TABLE 2. INDIVIDUAL GROUP BALANCES	CLS8 groups	Bank of Scotland	Haroleys	Lloyda	Midland	National Westminster	Royal Bank of Scotland	Standard
LIABILITIES OUTSTANDING	£m.	£m	Em	Em	₽m	£m	€ DE DE BERRE	Em
Change on month	125,918 +1,997	5,496 + 338	29,704 +422	<b>22,050</b> +478	20,855 +299	37,134 +292	7,617 + 33	3,062 +136
Change on month	75,452 +989	1,121 141	14,620 +506	10,848 +227	14,711 -658	22,284 +956	3,240 + 53	8,627 + 47
Total deposits	251,379 +2,986	6,617 +197	44,324 +927	32,898 +705	35,566 359	59,418 +1,248	10,857 + 86	11,689 +182
STERLING ASSETS OUTSTANDING								
Cash and balances with the Bank of England Change on month	2,490 128	- 306 - 1	<b>491</b> <b>- 27</b>	- 264 - 3	473 - 73	- 517 - 3	- 426 - 20	- 12 - 2
Market leans—UK monetary sector	26,675 +2,829	#210	5,699 +408	3,946 +346	3,732 +437	10,427 +614	1,048 - 22	998 + 35
Other Change on month	6,987 + 209	151 + 33	1,339 + 23	1,339 +170	1,070	2,542	259 - 11	288 + 46
Change on menth	2,438 +399	- 97 - 10	755 +171	869 +129	163 + 26	361 +137	156 - 67	38
British Government stocks	3,679 — 86		739	698 35	745 - 26	821 - 12	- <sup>231</sup>	171
Advances Change on month	88,899 - 782	4,399 + 76	22,571 279	15,412 - 46	15,013 - 69	23,250 539	6.231 + 85	2,023 - 11
FOREIGN CURRENCY ASSETS OUTSTANDING								
Market loans and bills	53,809 +2,049	426 -148	10,589	8,184 +134	7,773 135	17,999 +1,302	2,180 +119	6,257
Advances Change on month	26,511 -261	+ 9	4,000	3,771 — 24	6,316 -338	6,465 - 43	1,383 - 42	3.634 +215
ACCEPTANCES OUTSTANDING	5,270 +251	283 + 19	1,164 + 189	435 - 64	1,211 + 7	1,166 + 48	508 + 20	503 + 32
Charge on month	93,957 +652	4,506 + 97	22,538 + 97	16,570 - 63	16,300 +339	24/361 + 37	6,259 + 35	1,923 +100



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Financial Times Wednesday March 12 1986

INDUSTRIALS Continued Uniess otherwise imbeased, praces and net designings are in gence and decominations are 25s. Estimated price/carrings ratios and convert are based on-latera annual reports and accounts and, where possible, are suggated to half yearly figures. Ples are catenizated on 'net' distribution basis, earnings per share being compacted on profits after taxation and unrelieved ALT where applicable; brackreted figures andicate 10 oer cent or more deflorence if calculated on 'net' destribution. Covers are based on "manifest" distribution; this compares yross dividend cover to profit after taxation, excluding evergetional profits. In the compares in the control period on "manifest" distribution; this compares yross dividend cover to profit after taxation, excluding evergetional profits. In the control of the covers, are gross, adjusted to ACT of 30 per cent and allow for value of oeclared distribution and rights.

"Tap Stock".

"High and Lows marked thus have been adjusted to allow for rights issues for cash.

Interim since increased or resumed.

Interim since increased or resumed.

Interim since increased or resumed.

Interim since increased or source.

Tap-free to non-residents on application.

Figures or regulation as lasted securities.

Price at time of sarger-soon.

Indicated dividend after pending sorip and/or rights issue: cover relates to previous dividend or forecast.

The price all time of sarger-soon.

Indicated dividend after pending sorip and/or rights issue: cover relates to previous dividend or forecast.

The price allows for conversion of shares not one ranking for dividends or ranking only for restricted dividend.

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The price right price is sared on prospectus or other offer estimate, a Cents.

Devidend rate paid or papilale on part of capital, cover based on dividends or ranking for their sars such angel each in the dividend or residence of the capital price is sared i | 1986 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | | Tens | 1004 | 775 | Assem Decent St | 1619 | 340 | 24 | 1.6 | 1919 | 134 | Lawre Gr. 61 | 1567 | 35.0 43 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | REGIONAL & IRISH STOCKS The following is a selection of Regional and Irish Stocks, the latter being quoted in high currency | Quoted of high currency | Atheny inv 20p | 194 | Fin. 13\* 97:02 | £1181;1 +1; | Crang & Rose £1 | £14 | Arnoits | 320 | 49 | Finity Pig. 5a | 65 | CPI Hidgs | 55 | Holt Uss 256 | 729 | Carroll Inds | 170 | +2 | 10M Stm. £1 | 70 | +3 | Holt Uss 256 | Holt Uss "Recent Issues" and "Rights" Page 30 (International Edition Page 36) This service is amilable to every Company dualt in un Stock Enchanges throughout the United Kingdom for a fee of £875 per annum for each security.

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35

The unprecedented run to record levels in London stock record levels in London stock markets continued at a relectless pace yesterday. The prospect of lower bank hase rates either before or oo Budget day next Tuesday together with confidence in the UK economic outlook attracted further heavy inflows of funds from three continents. of funds from three cootineots. Far Eastern investment sources generally concentrated on leading shares and European opera-tors on Gilt-edged securities, while US investors divided their while US investors divided their time between sheres and boods. Once again, the main equity indices gave sparkling performances. The hroader-based FT-SE 100 share index climbed nearer 1600 to close 24.9 up a best-ever 1597.1, while the older-established FT Ordinary share index shot 21.2 higher to 1326.8, thus extending its galo to over 200 points since January 24. Giltedged stocks likewise rose to their highest points for many their highest points for many years and the FT Government Securities jumped 1.20 more to 88.92, to establish 9 gain approaching 10 per cent in only

five weeks.

The advance found brokers searching for new superlatives to describe markets. Besides the weight of investment money, dealers were forced to contend with searcesive speculative with aggressive speculative activity spurred by four new bid announcements: all were agreed offers. As the bunt for new bid candidates intensified, speculation developed that Dixons was ready to pource on Woolworth tion developed thet Dixons was ready to pounce on Woolworth but both concerus later issued denials of merger intentions.

Business stackened awaiting the 2.30 pm announcement of the February banking statistics, the last important financial data before the oudget. Bank lending and money supply were in line with most estimates and markets went further ahead until Government stocks turned back from the higbest in the after-hours' trade. Longer Gilts were then showing gains of around a point on Monday's late levels. The shorts eventually closed in the region of ½ dearer, while indexlinked stocks henefited from bedge buying to end nearly a point up on balance.

Kleinwort Benson

**EQUITY GROUPS** 

& SUB-SECTIONS

CAPITAL GOODS (212)

Building Materials (24)

Contracting, Construction (27)

Electricals (13)

Mechanical Engineering (63) . Metals and Metal Forming (7) Brewers and Oistillers (23) . Food Retailing (14)

Health and Household Products (10) ...

Electronics (38)

Textiles (16) Tobaccos (3)...

OTHER 2 ROUPS (86) Office Equipment (4).

Miscellaneous (49) INDUSTRIAL GROUP(482

Property (51). Other Financial (25) Investment Trusts (103) ... Mining Finance (3) .... Overseas Traders (14) ....

PRICE IMDICES

British Gove 2 5-15 years

3 Over 15 years.

5 All stocks...

8 All stocks.

Irredeemables

Index-Linked

FINANCIAL GROUP(118) Banks (7)..... Insurance (Life) (9).... Insurance (Composite) (7) \_\_\_\_ Insurance (Brokers) (3) \_\_\_\_

FT-SE 100 SHARE INDEX 4 ....

**FIXED INTEREST** 

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165.50

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9 Britister & Least \_ 119.46 | +1.57 | 117.61 | --

Day's change %

169.31 +1.37 167.29

136.91 +0.96 135.61

Mos Mar 10

+1.25 138.82

+2.48 161.58

+0.71 108.28

+0.73 108.84

+9.72 | 208.74

82.67 +0.41 82.33 - 2.60

# Advance continues at a relentless

FINANCIAL TIMES STOCK INDICES

support ahead of their respective trading statements scheduled for April 2, left GRE and Sun Alliance up 17 apiece at 617p and 682p respectively. Royals put on 12 at 850p as did General Accident at 850p, while Commercial Union hardened 9 couple of pence at 304p. Lloyds Brokers returned to fevour. Willis Faher ended 12 to the good 9t 427p and Stewart Wrightson were the same 9mount dearer at 395p.

As expected the shares of

same 9mount dearer at 395p.

As expected, the shares of high quality label printers Jervis Porter commanded a hefty premium in first-time dealiogs; 97 times oversubscribed at the offer price of 105p, the sbares opeoed at 165p, but drifted back on stag selling to close at 143p. USM newcomer BPP Holdings, which provides accountancy tuition, opened at 180p and moved up to 185p compared with the placing price of 160p. the placing price of 160p.

Leading Brite or 100p.

Leading Buildings were buoged by interest rate optimism and consequently displayed numerous double-figure gains. Among the leaders, Blue Circle stood out with 2 rise of 20 at 628p. RMC firmed 10 to 546p, as did EPB Indostries, to 438p. Buyers came for Taylor Woodrow following details of a land sale to British Telecom and the close was 15 Telecom and the close was 15 higher at 553p. Costain continued to reflect the planned reorganisato reflect the planned reorganisa-tion of its contracting and engin-eering operations with a fresh rise of 10 to 522p, while buying in markets short of stock lifted John Mowlem 20 to 402p and SGB 22 to 292n. Alfred McAlpine were again in demand at 392n, np 10. Among Timbers, Meyer International gained 15 more to 232p and Magnet and Sontherns rose 10 to 155n in sympathy. Interest in the Chemical sector

interest in the Chemical sector remained selective. Wardle Storeys were firm at 292p, up 10, but Foseco, a rising market recently on takeover hopes, enconniered profit-taking and shed that much to 270p. Eisewhere, Amersham International moved up 10 to 375p following a broker's luoch.

FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Tues Mar 11 1986

Day's Change %

lodex No.

Gross Div. Yield% (ACT at 30%)

3.89

| Index | Day's | Day's | Day's | Mar | Ma

VERAGE GROSS EDEMPTION YIELDS

11 Inflat's rate 5% 5 yrs...
12 Inflat'n rate 5% 0ver 5 yrs...
13 Inflat'n rate 10% 0ver 5 yrs...
14 Inflat's rate 10% 0ver 5 yrs...

15 years... 25 years... 5 years... 15 years... 5 years... 15 years... 25 years... 25 years...

P/E Ratio (Net)

| No. | Classes | Cliffact | GACTet | Order | No. | No

pace in shares and bonds 358p, and Scapa, 491p, advanced 21 and 24 respectively. Demand persisted for Pentiand, up 15 further to 430p, while Oriflame, reflecting satisfactory annual results, rose 75 to 675p. Comment on the preliminary statement sosisted an improvement of 7 to 378p in Low and Bonar: British Aerospace touched 586p before profit-taking clipped the price to a close of 578p, for a rise of 7 on the day. Crest Nicholson were supported 2t 155p, np 10, along with Bridon which gained 12 to 156p. Turner and Newall improved 7 further to 177p ahead of next week's preliminary statement. White-croft advanced 15 to 240p, while old takeover chestnut Christies International pnt on 10 to 323p. Pilkington stood out in the leaders, advancing 20 to 458p, after 463p, following confirmation of the US glass deal. BTR made further progress at 460p, up 7, awaiting today's annual results, while BOC continued to edge higher with a fresh gain of 6 at 383p. Reed International, still reflecting the pension proposals, rose 12 more to 834p. Metal Box advanced 25 to 670p.

	Mar. :	Mar. 10	Mar. 7	Mar, 5	Mar.	Mar,	year ago
Government Secs	88,22	87.72	86.22	86,38	86,16	86.26	80,4
Fbred Interest	22,62	21,43	21,10	90,90	90,67	90.32	25.B
Ordinary #	1326.8	1305.6	1308,8	1299,4	1601,6	1991,3	990,4
Gold Mines	322.5	680,4	323,6	332,B	337.9	887.5	461.
Ord, Div. Yleid	4.05	4,10,	4.07	4,10,	4.10	4.13	4,6
Earnings, Yid. %(full)	9,78	9,21	2,83	9,95	9.92	2,72.	11,5
P/E Ratio (net) (*)		12.50	12,50	12,46	12.48	12,68	10,7
Total bargains (Est.	40,694	40,348	135,145	33,500	36,099	57,218	27,95
Equity turnover Em.	-					754.25	
Equity bargains		62,276	40,209	36,099	33,881	32,265	24,66
Shares traded (mi)	,		•	•	-	354.3	•

3 pm 1321.3, 4 cm 1334.8, Cay's righ 134.9. Laty's Low 1306.5. 98815 100 Governman; 9scurities 15/10/25. Fixed interest 1928. Ordinary 1/7/36. Gold Mines 12/9/55. SE Activity 1974. Latest index 01-246 8026. "Nil=12.12. f Corrected. S.E. ACTIVITY HIGHS AND LOWS

	1985/86		Since Co	mpliet'n	INDICES	Mar.	Mar.
	High	Low	High	Low	Daily Oilt Edged		
Govt. Secs.	88,29 (11,6,88)	78,02 (28/1/85)	127,4	49,12 (8,1,75)	Bargains Equities Bargains	158,3 248,0	178,3 260,6
Fixed Int	22,69 (1)(5)26)	82,17 (28/1/25)	160.4 (28/11/47)		Value	1524.0	
Ordinary	1326,2 (11/3/85)	(25/7/85)	1326.2	PRIS AM	Gift Edged Bargains Equities	183.7	127,0
Gold M(nes	536,9 (15/4/85)	217.6 (5/11/85)	784.7 (15/2/88)	45.6 (26,10,71)	Baronins	234.2 1,642.3	226,1 1653,3

Payless DIY chain from Marley, railied a few pence to 263p. Superdrug, due to reveal sunual results during the current Account, rose 15 to 458p, but Pentos dinned 6 to 77p following the rights which that accompanied the annual figures. Revived speculative demand was evident for Executer Clothes, 17 up at 107p, while Body Shop, trading in slimmed-down form following the one-for-one scrip issue, leapt 70 to 585p. issue, leapt 70 to 585p.

Sboes highlighted Stylo which advanced 32 to 235p amid revived takeover rumours.

linked stocks henefited from bedge buying to end nearly a point up on balance.

Kleinwort Benson's better-than-expected annual results—pre-tex profits jumped over 35 per cent to £60.3m—prompted a gain of 20 in the shares to 775p, after 780p, and also induced strength in other merchant banks. Schroders, a particularly farm market of late in response to an investment recommendation, advanced 4 more to £13½, while Storebuse, to 395p. Elsewbere, Hongkong 7 to 395p. Elsewbere, Hongkong 7 to 395p. Elsewbere, Hongkong 8 to 843p and Hill Samnel added 7 to 395p. Elsewbere, Hongkong 7 to 395p. Elsewbere, Hongkong and Shanghal cheapened 2; to 65p in reaction to the disappointing results.

Lateover rumours.

Woolworth buoyant which buoyant trend. Buttention in Stores and touched a best-ever 234p at touched an optim

Thur Mar 6

Index No.

Fri Mar 7

index No.

4.22 765.12 763.71 761.12 625.86

8.90 9.09 9.18 9.48 9.48 12.65 12.65 9.33 9.89

435 3.75 3.34 3.60

10.63 10.50

10.36

10.90 19.72 10.27 11.86 11.15 19.66 11.94 11.98 18.77

18.22

93 93 93

11.82 11.78

9.84 9.30 9.31 18.14 9.66 9.45 10.25 9.84 9.43 9.32

4.64 3.79 3.61 3.64

10.57

tadez No.

Cope Aliman feature
Secondary issues provided the

results are scheduled for next wednesday. Shaw Carpets eased a penny to 30p, but hidders Lamont advanced 11 more to RISES AND FALLS Secondary issues provided the majority of the features among miscellaneous industrials. Cope Allman were outstanding at 343p, up 61, on the agreed bid from Hawley Group; the latter hardened 3 to 120p. Parker Knell A, reflecting favourable commant on the preliminary figures, advanced 30 more to 370p for a two-day gain of 65. Persistent demand left F. H. Tomkins 30 to the good at 249p, while BBA, scheduled to reveal preliminary figures on Thursday, rose 15 to 218p. Parkfield Group,

Demand for Engineers broadcoed considerably. GKN, awaiting today's preliminary statement, settled 8 dearer at

statement, settled 8 dearer at 336p, while Hawker were noteworthy at 555p, up 14. Elsewhere, Martonair, the subject of an unwelcome hid from IMI, advanced 40 more to 640p, while the latter improved 13 further to 178p. Renewed support in a thin market left Carclo up 20 more at 400p.

Bid speculation induced fresh

Bid speculation induced fresh support for Unicate, nn 10 more 2t 271p, and Cadbury Schweppes, 2nother 5 to the good at 181p. Rowntree Mackintosh stracted demand ahead of tomorrow's anoual results and rose 7 to 432n, while Hillsdown firmed 4 to 242p in reply to the good preliminary foures and confident catement.

figures and confident statement.
Trusthouse Forte encountered

useful support following a "chart buy" signal and closed 11 higher at the day's best of

### YESTERDAY'S **ACTIVE STOCKS**

the following stocks yo		
ING TOROWING SWCKS A	Closing	Osy's
Stock		chence
2arham	161	+ 6
2ody 5hop Intl	585	+70
aP	547	+12
2PCC	220	+ 6
British Telecom	231	+ 2
Lonzhe	289	+ 5
Newman Tonks	136	+ 2
Ocean Transport	204	+ 6
Pink/naton 2ros	458	+20
Praetwish	153	+ 5
Williams Hidgs	590	
Wasiworth	583	+38

### MONDAY'S **ACTIVE STOCKS**

until April 1.

Textiles made fresh and often

substantial progress across a broad front Courtaulds improved

6 more to 263p, while Dawson International advanced a similar

amount to 236p. Coats Patons rose 14 more to 275p as the offer from Vantona Viyella, 20 higher

at 466p, was declared uncondi-tional. John Crowther beld the

overnight level of 143p following the agreed share-exchange offer

bullish circular. Sirdar advance 15 to 180p as buyers displayed interest ahead of next Wednes-day's preliminary figures, while lete support developed for Illing-

worth Morris, also 15 up at 135p. Company trading statements prompted some substantial gains among Financials. Framlington

advanced 40 to 525p in response to the sharply increased balf-year profits and doubled interim divi-dend, while USM-quoted Edia-burgh Fund Managers rose 20 to

300p following the annual figures

П	Based on bargs		erded l	n Stock
	Exchange Offisia	l Liai.		
		No. of	Mon.	Osy's
	Stock c	hanges	close	shangs
	Cable & Wire.	20	710	+15
	Ladbroks	12	348	-12
	2rit. Asmapace	12	571	+ 1
	Cadbury Schw.	16	175xd	+ 5%
	STC	12	124	2
	Wimpay (Geo.)	16	171	+14
	Assc. 2rij Ports	15	490	+27
	Home Charm	15	344	+11
	Parker Knoll A	15	340	+35
	Cna. Gld. Flds.	14	479	+12
	Gisso	14	975	-16
	1MI	14	165	+13

### **EUROPEAN OPTIONS EXCHANGE** Vol. | Last | Vol. | Last | Vol. | Last | Stock

	ries Vo	i, Last	VOL	Last	VOI.	Last	STOCK
COLD O COLD O COLD O GOLD C GOLD C GOLD P GOLD P GOLD P GOLD P	\$300 - \$320 \$330	8 7,50	150	80 B 12.60 98 5.80 5.60 6.50 96	10	17 	\$ 343,20
		Mar.	J	une	Se	pt.	
LIFL C LIFL P LIFL C SIFL C SIFL C SIFL C	FI. 380 10 FI. 385 20 FI. 400 20 FI. 255 60 FI. 250 10 FI. 250 10 FI. 275 10 FI. 275 50	29.30 29.30 2 2.20 2 1.30 4 0.80 A	24 4 28	5.60 4 1.80	18 1 2 21 20	5.50 39,50 B 7,80 4,50	FL256.46
6/FL P SIFL P SIFL P SIFL P SIFL P SIFL P	FI.245 1: FI.250 8: FI.255 4: FI.266 4: FI.970 8: FI.295 - FI.295 1:	1.10 2.70 10.50 14.80 24.50	18 36 30 2 -	13.50 B	10 80 1 10 20	8.80 11 18 19.50 41.50	
		Apr.	'Ja	ty	. 00	rt.	•
ABN C ABN P. AEGH C AEGH P AH C AH P AKZO C AKZO C AMEV C AMEV C AMEV C	F1,600 150 F1,540 90 F1,115 67 F1,105 82 F1,70 150 F1,85 02 F1,160 1120 F1,170 566 F1,80 57 F1,110 163	2,50 7 2 8 6,30 10,20 10,20 112,20 12,20 12,50 6,60 13,70	61 40 2 12 282 158 142 50	26.60 10 4.70 5.30 9.80 10 8 14.90 9.70 2.50 5.90	26 26 52 11	7.80 	FI. 567.68 FI. 108 FI. 15.90 FI. 169.78 FI. 177.40 FI. 108.20
AMRO POIST CONST C	F1,105  C5 F1,290  54 F1,270  54 F1,240  22! F1,930  12 F1,90  41 F1,60  40 F1,55  866 F1,210  144 F1,180  22	7.50 e.80 s 7.30 5,20 6.70 9,40 0.90 2,50	4 2 12 14 50 360 250 288 154 3	14.30 9.70 11.50 A 8.50 8 9 2.80 4.50	7 20 184 50 68 15	14.50 13 8 10.50 6.50 4.60 5.70	F1.278 F1.259 F1. 96.20 F1. 54.40 F1.180
HATN C HATN P PETR C PHIL C PHIL C PO D RO P ROBE C ROBE C ROBE C UNIL D UNIL P	FI.85 13: FI.73 43: FI.650 31: FI.60 11: FI.60 11: FI.150 51: FI.83 15: FI.400 37: FI.886 142: JUME IH CONTI	1 650 1.80 0.50 1.40 1.10 8 0.90 0.20 2.40	751 251 251 525 110 104 66	9,80 A 3,10 0,90 9,50 3,90 3,80 ————————————————————————————————————	15 52 186 81 70 114 — 244 2	3.50 6.60	FI.78,40 Fr. 68,10 FI.64 FI.174,16 FI.88,50 FI.384

6=Bld

G≖Call

Bumper full-year results also Bumper full-year results also stimulated interest in Anio-fagasta, 18 np at 363p, and Candover, 15 to the good at 316p. "Shell" situation NMC returned to favour and sported 40 to 95p. while Ifico rallied 13 to 113p.

# Oils gain ground

A much brighter mood prevailed in the recently depressed oil sector. Bullish Press comment, a slightly firmer trend in oil prices and talk of a chart "buy" signal triggered persistent demand for the leaders which progressed throughout the session to close at the day's best lavels.

BP sdvanced 19 to 547p while Shell — reporting preliminary results tomorrow—put oo 20 to 715p. Other firm features included Britoii—due to announce full-year results on March 20—which rose 11 to 178p and LASMO, up 6 at 148p. IC Gas responded to revived takeover speculation and jumped 25 to 348p.

tium hid and another huovant traded option business lifted Lourho 5 more to 289p, baving earlier attained an all-time peak

### De Beers improve

Annual profits in excess of the most optimistic forecasts and a most optimistic forecasts and a substantial increase in the final dividend prompted support for diamond producer De Beers which advanced 7 to 484p in the wake of persistent buying from the US and Jobannesburg. Associate "Anamint" also performed well and closed £2 ahead at a 1985-86 high of £53. Hopes of a bid from New Zealand entrepreneur Ron Brierley pushed Kennings up 10 more to 173p and prompted a sympathetic rise of 7 in Tozer Kemsley Millbourn, to 100p. Lex

Kemsley Millbourn, to 100p. Lex Service, a dull market since the disappointing results, rallied 29 at 354p, while Lucas Industries moved up 7 to 623p ahead of the interim figures scheduled for March 26. "Shell" situation AC Cars were notable for a rise of 13 at 156p. Other South African mining issues, however, suffered from the strength of sterling against the dollar, and the failure of the bullion price to register any worthwhile movement in either direction. Golds passed another subdued trading session with turnover again reduced to mini-Buyers continued to Ignore the Property leaders which settled a shade easier in places. MEPC slipped 5 to 353p, while Haslemere Estates lost 6 to 627p; Rodamco's 600p per share offer for Haslemere has been extended mal levels. Currency considera-tions were responsible for a widespread decline in sterling quotations and the Gold Mines index fell back 7.9 more to 322.5 to leave the index showing a fall of 17.3 over the past three trading days, Consolidated Gold Fields were a shade firmer at 4830 up 4 on

s shade firmer at 483p, up 4, on renewed buying interest ahead of the interim figures expected around midday.

### Traded Options

Traded Option volume con-Traded Option volume continued to improve with 20,757 contracts done—17,240 calls and 3,517 puts. Lonzho again held centre-stage on consortium bid prospects and recorded 4,856 calls, the May 260's and 280's contributing 1,214 and 1,071 trades respectively. British Telecom were also lively and recorded 1,381 calls, 908 in the May 220's, and 523 puts. Hanson Trust attracted 1,443 calls, while for MCD, finally 9 to the good at 207p, and W.W., 115 dearer st 370p. This development stimulated revived enthusiasm for other floor-covering concerns, notably Burmatex, 6 better at 158p, and Tomkinsons, 10 up at 137p. Strond Riley Drummond, 81p, and Hugh Mackay, 88p, rose 6 apiece; the latter's annual results are scheduled for next Trust attracted 1,443 calls, while operators also paid fresh attention to the long Gilt option which

# YESTERDAY

102	2	8
47 528	193	27 793
227	48	296
4	4	74 11
40 63	60 56	81 69
	102 47 526 227 33 1	47 0 526 193 227 48 33 15 1 4 40 60

# RECENT ISSUES

EQUITIES	<b>5</b>					;	<del>, ,</del>	_
Price price Amount paid up Latest Renuise,	1985/6 High Low	Stock	Closing	+ or	Not.	Times	2 × 0	200
105 F.P. 14:6 105 F.P. 14:6 127 F.P. 7:5	140 1125 177 1135 1900 1250 23 1 96 96 1 7 224 1216 150 1166 199 2	PAPP Hidgs. 10p Javie Portar 10p Macro 46p Portar 10p P	159 140 150 830 24 224 284 160 188	-5 +4 +5 +5	R3.5 R1.0 R1.79 u2.3 u2.8 u2.8 u2.06	2.6 5.3 6.0 2.2 2.5	2.6 4.4 1.92	6.3 7.8 7.4 7.4 1.6

### FIXED INTEREST STOCKS

Insue III	Latest Renunc. dato	1985/6	Stock	Cioting Frion 2	+ 01
98,277 F. F. F. F. F. F. F. F. F. F. F. F. F. F	25/4 19/6 19/6 19/6 27/4 27/4 27/4 27/4 27/4 27/4 25/4 25/4 26/4 26/4 26/4 28/2 29/2 29/2 29/2 29/2 29/2 29/2 29/2	3614 301 3312 251 125p 126; 110p 105; 1123 981 103 991 34 197 115p 107; 107;2 98 100; 1601 152p 140 5ppm 5ppm 38	Hampion Tet. 114% lat. Mort. Deb. 2025.  Inter-Am Dev 6K 97t Uns Ln 3015 Lawrence (W. 18.5% Cnv. Cum. Red. Pref. Mecos Leisure 1114% lab. 2011 Mecos Leisure 1114% lab. 2011 Mationwide 81dg. 50c. 124% 9/3/87 Mationwide 81dg. 50c. 124% 9/3/87 Mationwide 81dg. 50c. 120% lab. 2015 Merorer Chad. 83 Cnv. Cum. Red. Prf. 914 Samuel Props. 11% 1st. Mort. Deb. 2015 T. T. Finance 11/2% Ctd. 18b. 2018 Throgmorton USM 61gPt.Cnv. Red. Prf. 91	554 1259 1109 1124 103 34 1119 10712 1507 1589 4999	+25s +4 +214 +214 +11s +16 +5 +5

### RIGHTS OFFERS

Issue price	dup	Latest Renunc.	198	5/6	2tock	eing loe	+ 0	
	氰	date	High	LOW		Ciert Prio		
	200 10 <sup>1</sup> 2 630 255 70 94 213 220 115 140 60	HII NII NII NII NII F.P. HII NII F.P.	11/4 2/4 30/4 7/4 26/6 24/6 24/4 25/4 27/6	75pm 2pm 75pm 45pm 1 1pm 122 290 65pm 28pm 180 23	1pm 50pm 33pm 6pm 106 262 58pm 1 6pm	Cullons Hidgs, 10p Dares Ests, 5p Dares Ests, 5p EHigh Point Services 10p KEN 5p Kent IJ., 5p Meggitt Hidgs, 3p Megkitt Hidgs, 3p Midsummer Inns 60p Midsummer Inns 60p Wates City of London Wateshams 2p Westland	73pm 1½pm 77pm 45pm 6pm 190 290 59pm 23pm 180 72	+5 +1

Renonciation date usually last day for dealing free of stamp duty. b Figures based an prospectus estimates. 2 Assumed divideod and yield. F Forecast dividend cover on earnings updated by lettest interim statement. H Ovidend and Yield based on prospectus or other official estimates for 1986, R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. I indicated dividends; cover relates to previous dividend; p/s ratio based on latest sneusi earnings, u Forecast, or estimated ennualised dividend rate, cover based on previous year's samings. I have by lender. If Ozered holders of erdinary shares as a "lights." If introduction. \*s Issued by way of oppitalisation. 5 Flacing price. 55 Reintroduced. 11 Issued by way of capitalisation, merger or takeover. M Allotment price. If Unitsted securities market. 11 Dealt in under Rule 535 (3). • Ocalt in under Rule 535 (4) (e).

### TRADITIONAL OPTIONS

Last Last For Deal- Declara- Settleings ings tion ment Mar 3 Mar 14 June 12 June 23 Mar 17 Apr 4 June 26 July 7 Apr 7 Apr 18 July 10 July 21 For rate indications see end of Unit Trust Service

Demand for Options contracted slightly from the recent bnoyant levels. Calls were taken out in Chloride. Sears, Ferranti, John Brown, Pentland, Sangers Photographics, NMC, Barrie Investment and Finance, Barker and Dobson, Hoggett Bowers, Premier Oil, Polly Peck, Duport, NSS Newsagents, Brooke Tool Engineering, Lonrho, CPU Computer. Combined Technologies and British Car Auction. Puts were done in Bonstead, Delta Group and Polly Peck, while a double option was arranged in AMEC. Demand for Options contracted

### **NEW HIGHS AND LOWS FOR 1985/6**

NEW HIGHS (406)

NEW LOWS (19)

Others		40 63	60 56	87 69	1										
LONDON TRADED OPTIONS															
<b>!</b>			CALLS			PUTS	1	]		, c	ALLS		·	PUTS	·
Optio	yn	Apr.	July	Oct.	Apr.	July	Oct.	Option		May	Aug.	Nov.	May	Aug.	Nov.
B.P. (*543)	550 600	67 18 6	40 17	80 50 26	96 37	17 30 02	38 67	P. & O. (*628)	480 460 500 550	110 79 48 22	126 88 63 63	108 80 46	8 4 16 38	3 8 23 47	16 28 48
Cons. 00ld (*482)	650	17 2	50 30 14	65	40 84	48 84	1 50 50	(*122)	150 180 200 220	46 62 20	54 42 28 16	46 66 26	3 7 14 86	10 18 50	15 22 34
Courtaulds (*263)	200 220 240 260	47 30 18	71 50 35 99	65 42 28	6 8	6 10 16	8 11 20	R.T.Z. (*609)	600 600 860	129 70 38 12	160 90 60 28	106 76 45	6 8 20 52	5 10 36	22 42
Com. Unior (*603)	940 260 260 300	63 44 26 14	71 53 34 29	74 50 41 50	11 <sub>1</sub> 5 6 16	16 20	12 17 25	Vaal Roofs (*\$81)	50 70 80 90	241 <sub>2</sub> 16 75 <sub>4</sub>	28 80 12	29 16	11 <sub>2</sub> 21 <sub>2</sub>	834	1 10
Cable &Wire (*710)	550 600 850 700	176 120 76 40	197 147 106 743	220 170 197 97	8 8 85	6 8 17 30	16 23 40	TR1122 1881 (*£107)	104 106 105	5% 9%			011	0+8 134 854	16te 11t 21s 61s
Distillers (*028 <sub>1</sub>	800 650 600 950	162 88 43 12	140 90 58 18	99 50 23	1 1 8 6 5	11 <sub>2</sub> 11 <sub>3</sub> 10 38	3 19 98	TR112903/07 (*£120)	108 110 112 114 116	1134 216 718 076 454	125 107 81 74 01	854 618	018 018 03	0 / 1 / 2 / 2 / 2 / 2 / 2 / 2 / 2 / 2 / 2	110
G.E.C. (*210)	160 180	54 36	68 44	68 68	2 4	6	1 7		111	35g	ō,	578	169	256	34
	820 900	16	30 16	50 24	12	99	16 26	Option	`	Mar.	June	Sept.	Mar,	Jure	Sept
Grand Met. (*573)	560 527 566 382	55 50 14	83 70 55 35	83 88 45	1 2 10 25	2 7 16 50	9 18 36	Bescham (*358)	300 530 360 320	50 30 7 3	70 48 32 18	78 57 40 29	1 16 67	8 13 30 48	8 18 55 66
I.C.I. (*277)	830 200 950 1000	140 90 60 35	150 115 80 47	175 184 96 57	6 7 20 42	16 34 54	14 26 42 66	2 30ts (*241)	920 240 250	81 8 11 <sub>2</sub>	62 92 10	96 16	2 7 28	6 18 26	9 19 28
Land Sec. (*520)	280 300 330	45 25 8	53 37 19	59 44 27	11/4 77 19	2 12 25	15 27	(*460) Base	390 420 460	75 44 18	87 50 66	97 70 47	8 2 16	7 10 82	6 18 33::
Marks & Sp. (*192)	140 150 180 200	55 55 18 0	49 92 15	48 90 19	2 0 14	6 8 20	5 14 25	(*703) Blue Circle (*028)	650 700 650	58 15 80 36	90 47 95 67	107 70	18	17 36	19 25 45
aheli Trans. (*713)		75 50 9	89 60 22	20 33 62	8 69 66	16 66 67	23 48 73	De Beers (*\$7,01)	600 660 700 750	103 (	130 100 66 48	145 120 95 25	7 7 18	22 27 48	26 40 66
TroTear Hee (*320)	360 360	28 14 0	34 21 12	48 29 19	7 24 42	10 27 44	16 80 49	GICN (*563)	280 300 330 360	56 36 16 4	01 44 27 19	68 54 58 24	60 6 7 28	70   9	80 11 20
Opao	n	May	AU2.	Nov.	May	Aug.	Nov,	0 lacco (*978)	850 900	85	170	120   160	6 1	10	20
8rit. Aorc (*578)	450 500 500	125 95 49 27	140 110 70 42	153 125 78 20	8 0 17 37	0 12 28 46	13 17 33	Hanson	950 1500 1060	40 10 3		123 85 50	19 40 85		55 50 75 115
BAT Inda	1 200 I		1 27 I		8 1	5	52	(*158)	150 156	6	18	24	1 6	ii	13
(*375) Barcleys	360 390	56 30 17	75 48 27 97	86 50 40	17 36	13 25 45	17 28 45	Jaguar (*458)	420 460 500	58 43 18 0	78 67 58 27	90 70 62 35	8 0 15 48	0 1e 28 9e	9 20 35 03
(*469) Brt Telecom	180 (	58	67 67	7\$ 50	12)	23 42	87 47	(*484)	420 460 650	160 70 28 8	83 62 23	187 97 55 45	8 4 22	8 17 67	7 13 96 47
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Leniho (*289)	280 240 250 280	76 59 42 30	62 64 50 32 25	70 62 46	2 <sup>1</sup> 2 5 16	6 4 2 16	7 11 39	10	50 58 75 38	72 67	103   1 87   1 75	15 8 00 15	20	- 36 42	46.
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† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituent is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London ECAP 48Y, price 15p, by post 28p. CONSTITUENT CHANGE: Vosper (6) has been deleted and replaced by Lowe Howard-Spink & Be Corrected Gross Dividend Yields for 7/3/1986: Groups (61) 4.34, (62) 5.83 and (99) 3.95.

@ Opening index 1577.1; 10 am 1580.4; 11 am 1587.1; Noon 1589.7; 1 pm 1593.7; 2 pm 1594.1; 3 pm 1593.8; 3.30 pm 1595.2; 4 pm 1595.7.

nd adj. 1986 to date

216 313 162

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### WORLD STOCK MARKETS

	40 mm			
AUSTRIA GE	RMANY	NORWAY	AUSTRALIA (continued)	Delea de or
Mar, 15 Price + or Sch	Mar. 11 Prico + 0m.	or Mar. !1 Kroner -	Mar. 11 Aust. 5	Mar. 11 Yen -
Credit net it pp * 2.500 AEC Goesser 2.500 Alin Internsted 18.500 SAS Jungounzisser 19.800 500 Say Langounzisser 675 -5 Say Repy Daimier 159 +5 Say Repy Daimier 159 +1 Say	342		Hordle (James).,   3,32 -0.0	4 Milaui Bank, 1,080 +10
Interinfeit 19,800 —750 BAS	F 325.4 &	105 Christiania Bank 168 1 7.4 Denkorské Créd 161.5 11 Elkem	Norald W'yTimes 6.58 +0.1	. Molaul Fatale 1.180 . 199 i
Landerbeck 2,160 +20 Say	er_Hypo 605 +	15 Kosmos 139 —1 18 Kyramar 134 —11	Jimperiana P.P., 0.2 + 0.8 Kia Ora Golo 0.17 + 0.8	NGK Insulotors 965 -9
7 W	Bank		Lend Loase 7,32 +0,1	Manage Banco 1 240 . + 10
SET GRIM/LUXEMBOURG CON	wn 90veri⊶ 273 · + Lmet2benk 307 · +	5torebrand 246.5 -7.5	Mayne Nickless. 3,65	Nippon Express. 710 +10
FISCE 1 + OF   Dail	nier-Benz 1,969 –	5.2 5 1: 6 SPAIN	News	Nigpon Kokan 135 - 1
8.81 2.750 + 50 Bang Gen. Line 11.500 + 250 Bang Int. A.Lux - 11.506 - 250 Deu	he Babcock. 206 -	Price : + Of 2.5 Mar. 11   Pta %   -	North Bkn Nill; 2.30.0 Oakbridge 0.950.0	Nippon Selko . 470 -2 1 Nippon Shimpan: 8869
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Cockerii 1772 +1 Hos	kal 423	15 Bco Extaner 275 : +10	Poseiden 3,15 +0.0	Nissan Motor 353 3
Electrobel 475 Hos	sch Warke 179 +	2.5 BCO SANTANGER BTD   T40	Reckitt & Colman: 4.2	Olympus 1,030 ~ 10
	mann (P) 541 + ten 239 + sel 515 -	2.5 Oragados 287 + 12 2. INIGROS 112 ! + 1.	5 Santos	Orient Finance 1,170 -10
	tadt 383 +	12   iberguero	Tooth 6.2	Ricoh
Intercom 5,083;45   Kin	ckger 105_2 -	0.7	Western Mining . 3.4	Sanwa Bank 1,380 + 10
Par Middle 10,300 1 Lun	hansa 284 -	5	Woodsloe Pe Irg1 1,0	Sappore
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Salvar 8.000 + 70 1 mus	nen Rusck 3,670 — lorf 590 +	30 Alla-Laval 8 2721	HONG KONG	Shlonogi 8049 Shlseido 1,670 +40
Tractionel	iche 1,254 -	54 Astra (Free: 512 +7 Atlas Copco 197 -3	Mar. 11 Prise + or	Sony
CENTRAL ROS	in West Elect 335 +	3.2 Celtulora 194 —5 1 Electrolux 8 278 +7	Bank Fost Asia   19.9	8'tomo Gnem _ 1 259 ; S'tomo Corp   844 - 5 8'tomo Elest 976   +4
Mer. 11 Price - or Thy	nens	7 Esserte 500 · +10	China Light	Talse Corp 365 +3
Veb	B 305 •	0.5 Pharmacia	Nenderson Land: 1.8 —0.00 HK China Gos: 12.9 —0.3	Taknda
Bertica Skand 525 Yer Con Nandelsb'rik. 319 ! -5 Yell	Hn West	3.7   Skan Enskilds 99.6' -0.5	. Hk Electric 9,6	TDK 3,750 ,80
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Nove Inds 1215 —135 Cree	ito italiano 3,660 +	920 SWITZERLAND 80 Mar. 11 Price + or	She 1 Elect	Toyo Selkan 1,740 : +10
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Mar. 11 Price + or Tore	9 PD 4,850 + 6,800 - 43,000 +	15 Credil Suisse 3,830; +30	Al Nippon Air: 863 + 14	SINGAPORE
Empres 442 1978 1.605	THERLANDS	Hoff-Roche PtCts: 129,100, -40:	Aught Chem 781 : -7	Mar. 11   Price   + or
Emprent 7, 1875 7, 399 + 54 Agcor		Jacobs Suchard - 7,500; +50 Joimoli	Bank Tokyo 832	Boustaad Nidgs 0 96
Bongrain		Oer-Buahrie 1,660, +10	Canon 1,010 -10	Conting
RSN 0000010 5.319 ·31   754	ON 108.0 +	0.3   Pire HL	1 UBIO a 936 +1/	Inches 2 Bhd 1.43 : -0.02
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Oarty	Kelis Westm. 18.1 + 158 + 158 + 158 + 156	Swiss Reinsce 14,800 -40	Full Bank 1620 -10	Sime Darby 1.28
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metal	er 82.3 — Brocades 279 + sken 239 +	1,5	Firukawa Elect. 369 -4 Green Cross	Tal Lee 8k 9.0 +0.52
Ararga Coppee. 1,000 -50 Hoos	er Doug N.V 64.5 —	Price + or	Hitachian 736 +1	SOUTH AFRICA
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Pernod Ricard 975 : -60 Omn Perrier	oed 66.2	0,1 Aust. Nat. Inde 3.45 + 0.88	Kalima	Barlow Rand 16.05 -0.1
Peligent 3.A	64.0 0 60	1 Bond Corp Hidgs, 2.9 + Q.2		Buffels
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	Ineff. 265 +7.	5 GRA	Kyocera	Malcor
800 12 West	Utr Benk 49.5	Chase Corp 6,2 +0,3	Marul 1,790 : -10 Mazda Motors 302 : +3 Melja Selka 813 : +6	OK Bazaart
HOTES—Prices on this page are a		Coles-Myer	MEL	Sajren,
exchanges and are lest treded grices at Ex dividend. At Ex scrip issue.		1. Elders IXL 3.48 +0.05	M'bishi Corp 639 —1 M'bishi Elect 356 ,1	Tongaat Nuletta 7.8 +0.1
Price in Schillings.		Energ Res	M'bahi Estata 1,280 ' +10	Unisec
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OVER-THE-CO	JUNIER	Nasdaq national market, i	2.30pm prices	
Stack Sales High Love Last Ching		High Low Last Ching   Stock	Sales High Low Last Chog Stock	Sales High Low Last Cing
Continued from Page 39	(Heds)	15g 19-15 19-16 - 1-1   SoltwA   SonocPs .68a	(Hinds)  272 181 <sub>2</sub> 18 181 <sub>2</sub> + 1 <sub>2</sub> UBCol 118 341 <sub>4</sub> 34 341 <sub>4</sub> + 1 <sub>8</sub> UFnGn	(Hnds) 1.08 645 344 334 34 +1

<b>OVER-THE-COUNTER</b>	Nasdaq national market, 2.30pm prices
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Stack Sales High Love Last Ching (Finds)	Stock Sales High Low Last Ching (Hads)	Stock Sales High Low Last Chog" (Hnds)	Stock Sales High Low Last Cing (Hinds)
Continued from Page 39  Cosener 51 0 0  Cesener 51 0 154 154 154 154 154 154 154 154 154 154	Redicr	SolteMa   272   1812   18   1812 + 12     SonorPs   68a   118   3444   34   3444 + 18     SonorPs   68a   118   3444   34   3444 + 18     SonorPs   68a   118   1314   1214   1314 + 18     Soltesp   68   484   474   474     Soltesp   68   481   474   474     Soltesp   68   81   2114   21   2118     Soursel   68   81   2114   21   2118     Soursel   10   565   914   918   314     Soverans   1.28   179   3618   3578   36 + 18     Soverans   1.28   179   3618   3578   36 + 18     Spectrum   337   16   1412   15 - 1     Spectrum   337   6   68   918   918     Spera   64   16   68   918   918     Standid   20   26   818   818   818     Standid   20   26   818   818   818     Standid   20   26   818   818     Standid   1.00   29   3914   3634   3834     Stantid   1.52   361   342   3314   3315 + 12     Stantid   1.52   361   342   3314   3315 + 12     Stantid   1.52   361   342   343   343   345     Stantid   1.52   361   342   343   345   12     Stantid   1.52   361   343   345   345   12     Stantid   1.52   361   343   345   345   12     Stantid   1.52   361   345   345   345   345   345     Stantid   1.52   361   345   345   345   345   345   345     Stantid   1.52   345   345   345   345   345   345	UBCol 1.08 645 341, 331, 34 +1 UFAGRD 47 614 5 6 UFAGRD 47 614 5 6 UFAGRD 1.04 456 24 231, 231, -12 UGada 1.84 39 111, 11 115, 11 UPressd 194 142, 143, 145, 145, 145, 145, 145, 145, 145, 145
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C	ANA	D	4																	•			
Sales	Stack	High	Love	Close	Chag	Seles	Stack	High	Low	Close	Chang	Sales	Stock	High	Low	Class	Chang	Sales	Stock	High	Love	Close	Ching
	TOR	A NI 1	<b>Γ</b> Λ			82.0	Centri Tr	\$ 1633	16'e	15'4	- '4	23700	leigh ingi	455	440	450	- 5	200	Scotts C	\$37 h	3716	37%	T 12
						SCO	Ghie!lan	\$87	9.3	95	- 4	5504	Indiaw Co	5274	27	2718	- 18	28301	Seegram	37514	T414	747	+1
	Prices :	at 2.30	pm			150	CHUM 8 1	S19	49		- '5	1631	Lumonics	\$154	15	15	- 12		Sears Can	3133	13	13	
	Ma	rch II	•			25771	Cominco	512' <sub>0</sub>	6	125.		14762	MICC	375	345	375 265	+ 40 - 30	36200	Selkn's A 1	5254	25	2514	+ 14
	1724					5100	Computing Computing	250	355	674 545	- %	500 5200	MSR Ex Mclan H X	265	265		- 24	20513	Shell Can	52134	2017	2129	+ 34
						21100	Contern	210	207	777	+5	1750	Mician IS X	31974 51772	131 <sub>8</sub> 1715	19% 17%	- 19	3144	Sherriff	581g 5203a	6 20	818 20	+ 18
681 430		ونعاة	184	o 181;	- 4	4150	Con Bath A		35	35.	- 14	12226	Moomiten	52604	29')	2915	- 12	8200 11549	Southm Spar Aero I		2674	271 <sub>R</sub>	+ 39
419		55 \$2614	-	20		7500	CDretto 9 1	\$6.	6	ě"	•		Magna A 1	S2874	27.	281	+ 3g	725	Steinbg A 1		395	36/1	- 5
7000	AGSLANAS	5.70			+1,	2979	Cors Gas	524	22	2414	- <b>\</b> e	627	Maritime 1	314	14	14	- 4	14615	Stelco A	5.77 R	2	2724	+ 12
P.40	Agrico S	5.24				4200	Con Glass	5234	.~3	23	- 14	2100	<b>Work Spinc</b>	51474	1414	147	-	2300	Sulptro	16	76	76	+1
354		51214		127	4 14	7340	C1L Black	59.4	9	a.*	~ 'è	64296	Mass For	320	310	315			Teck 9 1	5254	241	245	+ 1
'n).		51%	15	15'a	٠,	1399	Corby	517.7	1774	1774		13500	Lic intyre	<b>Ş44</b>	43'2	431-		100	Tele Met	\$35	351	35' 2	- 12
	908 Alc.in	94:	462		- ',	6.01	C Falcon C		lt.3	16.	- 'a	4950	Meriand E	203	202	202	-1	4784	Terra Mn	215	265	265	
20	Algo Com	£19%			- 1	3500	Coseka R	155 \$175	120	155	- 4	17000	Mind Res	253	540	250	+ 10	2250	Texaco Gan		2558	2574	
œ	, Alguma a:	5104			- 14	29 2196	Costain Ltd Crowns	279		3-		67900 600	Molet Corp	\$772 \$167a	71 <u>.</u> 151,	73 <sub>8</sub> 1614	+ 14 1	15300	Thom N A	\$28 a	26	261	
a 1 09		\$9 '×	57,			68438	Crowns A 1		77.4	27:	* 14		Lipison A I	\$25°a	25%	257		77448	Tor Dm Bk	524	23	23 2	+1
091 000		59.	500	٠.	- 15	5000	Capr Res	150	150	153	- 10	8000	Moison B	\$251r	25	2514	- 12 - 13	640	Tor Sun	52312	2318	23°8	- ig + 3,
651	ا جالا ا BC Sucar	\$9.5 6 \$21	""		- '3	49238	Daon Cov	410	795	412	- 5	75	Monoco A 1	\$612	672	6	7.4	11453 29150	Torster 9 f	\$477 <sub>4</sub> \$223 <sub>8</sub>	47 221 <sub>8</sub>	223	+ 1
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		30.1		27	- 14	198506	Deruson 9 1	518°	10	10	-	1500	M Trusco	8187 <sub>8</sub>	183	18',	- 1 <sub>8</sub>	3200	TrCan R A	150	150	150	- 4
001		50.	91,	9,	- 18	8600	Develon	495	460	470	- 20		Moorn	53514	34'8	34 8	+ 15	400	Trong Mil	6111 <sub>a</sub>	11'a	111/8	
603		4.3	425			2000	Oicknan A 1	58	$T_{A}$	$\tau_{i}$	••	2100	Murphy	\$20	191,	20	+ %	153762	TmAlta UA	\$267	261	261	
	78 9: Monii	\$ 10:	29':	30'e	+ %	1000	Dicknsn 8	37°2	73	7			Not Bi. Con	5254	2412	2514	+1	96947	TrCan Pt.	\$18	1778	1773	+ %
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æ0¢ BO¢		345	24)		- 10		Dome Mine	\$13	12.5	123	- I		Noranda	8 163 <sub>4</sub>	1832	1875	- 1a	9000	Trendy Res	130	125	125	-5
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40	Brapialea	Sime	15.	161	174	7331	Donottue	376	35	25.1	+ 1	300	NC Oils	51174	1154	1124		13800	Un Carbid	515	18	15	-
68		5461	46	4614	+ 1,	3650	Du Pont A	332	31'5	3112	- :		Nor Tel	\$4012	393	4014	+ 34		U Entorise	51194	1117	1115	- 10
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00	Brenda M	2812	6'8	6.		100	E-L Fin	548	48	48	•		Nea AhA 1	56 a 590a	5	93,	+ 16		Un Corp	539	391	3912	
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12806 Oakwood A I
2300 Ocelol 9 1
1760 Omega Hyd
500 Oshawa A J
5078 PacW Avi
16952 Pyurn A I
22900 Panour
23468 PanCan P
912 Pegasus
1400 Plewin A I
1250 Pinae Poul
1250 Pinae
1260 Royer
1760 Regioni R
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6330 FCA Intil
14175 Frebridg
82562 Fed Ind A
5900 Finning 8 f
3900 Finning 8 f
3900 Ford Cndn
8890 Gandan
2500 Gaz Metr
3890 Gendis A
96850 Gendis A
12 Cant Ya
7300 Goldren 1
2200 Grafton A f
3356 GL Forest
2300 Creyind
5500 GuarPA I
8323 Gulf Can
2800 Hawker
2165 In 305 Gulf Can
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2165 H 500, 55% 1 539 1 5 ้ง ข้าสังเหมียนกับข้าย จะได้ และเข้าย เข้ายังให้สำเด็จแล้ว เข้ายังสังเรายัง 85 - 1 55 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 515/4 | 5 MONTREAL
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### **Indices**

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NEV	NY	ORK	ζ			_									Mar. 11	Mar. 10	Mar 7
DOW	i	Mar		ar	Mar.	Mar	. : M:	ar. ·	199	5-86	Sine	5	, 6um	AUSTRALIA		1055,0	
ONES	_	10		7 .		. 6		4			/ Nigh			All Ord. [1/1/80] Motals & Mints. (1/1/80)	509.5	508,3	616
• (ndv	stri'is	1702.	95 166	9,83	1696.6	0 1686.	66 168	6,42	1713,99 27:2/86	1184.8	98 1713_0 6 <sub>1</sub> 27;2:80	B) (2	41 <u>,92</u> 2·7 <sub>(</sub> 32)	AUSTRIA Credit Aitken (2/1/62)	112,74	111,73	: 111.5
H'me I	Bnds .	89,	88 8	9,21	88,2	8 89.	38 9	80,0	50,08			:	-				
Transp	port	793.0	D6 <sup>'</sup> 78	1,34	799,0	1: 785,	57 78	6.92	4:5/86 797.72	568.0	5 797.7	2	12,82	BELGIUM Brussale SE (1/1/80)	88 10.46	3500,04	<b>829</b> 5
Utilitle		189.	81 18	1.83	182.1	9 185.	43 18	_			51 21;2/8 54 185,8			OENMARK Copenhagen BE (3:1;83)	(U)	237,28	237.
					48:		1688,7		28 2/861	(4/1/8	51 28/2/8	Ĕ 2	9,4,8,	FRANCE CAC General (3/1/80) Ind Tendance (51/12/85)	311.6 117.8	817,4 119,8	31S 119
STANDA	ARD AM	POOR:				т	Ţ		1885/88		Since Co.	mpil	ation	CERMANY FAZ Akilen (81/12 58)		868.10	
		March :	March	Man	h Marc	Merch 5	Monck 4	Hig		DVF	High	Ė	Love	Commerzbank (1/12/55)	2068,8	2018,5	1991
Industria	<del>-  </del>	61.81*	249.37	248.1	<u> </u>	<del>-</del>	<del>-</del>	250.		8.24	258.18	-	3.62	HONO KONG Hang Song Bank (51 7/64)	1639.16	1667,07	1682
Composit	1		226.58	-	7 225.1		224,38	127/2	86) (4)		228.92	130		ITALY Banca Comm Ital, (1972)		<del></del>	_
Chercheran		24.65		25.	220,1	224.54	224,30				(28/2/86)			Nikkni (18/5/49)	1406.62	14050.5	1899
					Feb		Feb	Т	Feb	Y	eer Ago (/	hbi	(mx)	Tokyo 3E New (4/1/68).	1131,21	1129,39	1127
led div y	Rate				3.36 15.36	- 1	3.35 15,12	$\dagger$	3.40 14.89	+	3.81 11.34		_	NETHERLANDS ANP.CBS Ceneral (1978) ANP.CBS Indust (1878)	256.4 248.7	254, 1 - 246,8	260, 144.
ang Go	v Boord V	(icid		<u></u>	6.26		9.13	1	9.25		11.45	5		NORWAY Oalo SE (4/1/83)	341,88	350,72	358,2
N.Y.S.E.	ALL DI	MMON							RISES A	NO FAI	us			SWGAPORE			
. T				_	1985				Max	rch	Merch	M	arch	Straits Times (50/12/86)	605.52	507.72	\$12,2
March	March 10	March 7	March	Hig					7		6		5	SOUTH AFRICA	_	£199_7	1218.
132.01		<del></del>	139.15	170	87 9	1.60	ises				2.032 1.045		061 705	JSE Indust (28,9/78)	_=_	1161,6	1152
				110/3	86) (4/	1/85  F	alts Inchange		7	68 30	578 409		965 391	SPAIN Madrid 9E (50/12/85)	133.66	156,58	152,6
				JEW	VOD	V ACT	IVE S	TOC	wc .					SWEDEN Jacobson & P (31/12/56)	1922,58 -	1984.72	1863.

					Unchanged	430	409	391
		N	EW YO	ORK A	CTIVE STOCKS			
				hange				Change
Mend	av	Stocke	Closing	on_		Stocko	Closing	3 On
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		2,247,140		+ %	Culf 51. Util		1114	+ %
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Beatrice		1.900,500	47ad	— 'n		1,262,200	8,	5
19M		1.562.6D0		+24	3mith Inii	1.184.600	2	- ·
Minete								

TORENTO	March	March	March	March	1885	38%
	11	10	7	æ	High	Low
Metals 1 Minks Composite	2,348.5° 2,957.3°	2,331.8 2,926.3	2.527.8	2,319.0 2,914.0	2331.0 (10/3/86) 2927.48 (7/3/86)	1740.82 (31/10/85) 2348.5 (8/1/85)
NACHTREAL Portfolio	1,583.53	1,481.26	1,484.48	1,476.3	1,491.26(10/3/86)	1,209,49(4/1-85)
" ladicates pre-close figure						

	Mar. 11	Mar. 10	Mar.	Mar. 6	1885 High	-85 Low
AUSTRALIA Ali Ord. (1/1/88) Motals & Minis. (1/1/88)	1065, 1 509,5	1055.0 508.3	1055,1 618,4	. 1055,3 508,6	1675.8 (4/2/86) 6 685.8 (20/5 <sub>1</sub>	715,3 :7/1/86) 362,5 :7/1/85
AUSTRIA Credit Aitken (2:1:52)	112,74	111,73	111,58	110,48	126,82(15/1/86)	58,21 (24)1(86)
BELGIUM Brussale SE (1/1/88)	88 10.46	3506,04	8296,84	3275.83	3310-48: 11/3·86	2090,7(18/1/85)
OENMARK Copenhagen BE (3:1;83)	(U)	237,28	237.78	237,56	256,58 (5/6/86)	158.44 (8/1/85)
FRANCE CAC General (3/1/80) Ind Tendance (51/12/85)	711.6 117.8		315,5 119,1		324.7 (24:2/86) 123.6 (24:2/86)	
CERMANY FAZ Akilen (51/12 58) i Commerzbank (1/12/55)	981,13 2068,8	868.10 2018,6	658.78 1991,2		716.76(16/1/66) 2161.8(15/1/86)	
HONO KONG Hang Song Bank (51 7/64)	1639,16	1667.07	1682,65	1888,51	1826,B4 (8/1/86	1220,74(2:1(85)
ITALY Banca Comm Ital, (1972)	805.26	592,84	590,25	587,54	605,28(11/4;86)	228,58 (2:1:85)
Nikkni (18/5/49) Tokyo 3E New (4/1/68) .	1406.62 1131,21	14050 5 1129 39	18994,\$ 1127,78		14066,2(11/3/86 1131,21(11/5/86	
NETHERLANDS ANP.CBS Ceneral (1978) ANP.CB8 Indust (1878)	256.4 248,7	254, 1 · 246, 8	260.7 144.7	251.4 245.5		185,8 (5/1/85) 147,8 (5.1/85)
NORWAY Oalo SE (4/1/83)	841,88	350,72	358,25	349,48	412.88 (12:11)	288-18 (2-1/85)
SWGAPORE Straits Times (50/12/86)	605.52	507.72	S12,20	618,02	852,85 (7/8/85)	588,41(28:1/88)
SOUTH AFRICA JGE Cold (25/5/78) JSE Indust (28/9/78)	=	1199.7 1151,6	1218.9 1152.1	1195.4 1165.5	1807_9 27/1/86\ 1184.7 26:2\88/	829,8 (5:8) 787,1 (7:5/86)
SPAIN Madrid 9E (50/12/85)	133.66	156,58	152,62	152,26	188,66111/8/261	100,0:30:12/85)
SWEDEN Jacobson & P (31/12/56)	1922,38	1984.72	1869.68	1887,55	1954,72(80/8:88	1265,52 (9,7)
SWITZERLAND Swiss BankCpn(51/12/68)	580.9	578,7	677.8	674,4	625.5 (8/1:86)	398,7 (8-1/85)
WORLD M.S. Capital Init. (1/1/78)		285,1	285.7	284.1	285,7 (7)8/88),	184.6 (4/1/85

\*\* Saturdey Merch 8: Japan Nikkei (e). TSE (c).

9nse value of nil Indices are 100 except JSE Cold—255.7. J3E Industrint—254.3. and Austrata. All Ordinery and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Memis—1000. Toronto indices besed 1975 and Montreal Portloto 4/1/83. † Excluding bonds, ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports, c Closed, u Unavailable.

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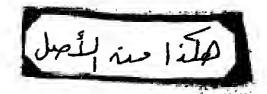
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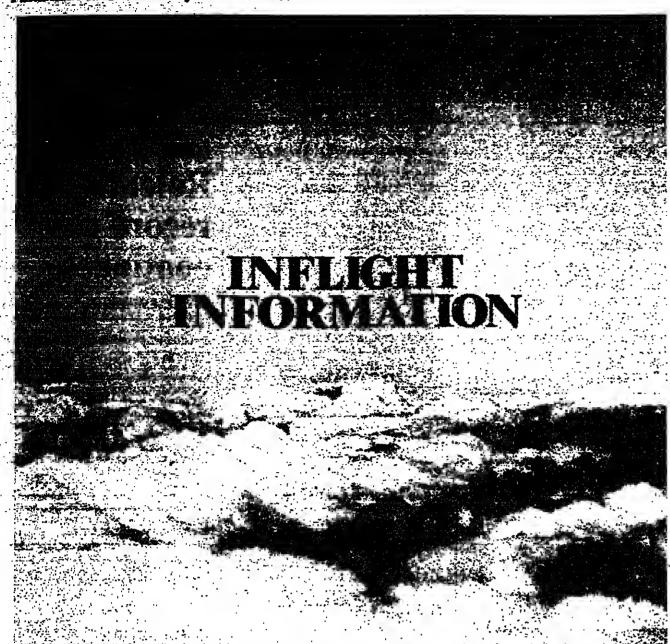
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### FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

### **Fed moves** revive credit hopes

THE GROWING helief that the Federal Reserve will ease credit policies in order to stimulate the US economy drove bond market yields to new lows and the stock markat to new highs yesterday, urites Terry Byland in New York.

The Fed intervened in the credit market to supply reserves when federal funds crept up to 71/16 per cent. The funds rate later eased again but other shortterm rates held steady.

Bond prices opened sharply higher, pushiog the long-term yields down to 7.92 per cent before the pace slackened. Beneath the overall firmness in equities, profits were taken in some sectors at first. But buyers remained comfortably in the majority

The forecast from an industry analyst at First Bostoo that world oil prices are about to "bottom out" lifted oil stocks without upsetting the rest of the industrial stock market. Gains in the oil majors were extended as crude oil futures turned higher oo the New York Mercan-

tile Exchange. By 3 pm, the Dow Jones industrial average was up 20.83 at 1,723.78.

The Standard & Poor's 500 and the NYSE composite indices touched new

800

600

400

NEW YORK

DJ Industrials

DJ Transport

S&P Composite 229.96\*

DJ Utilities

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

Nikkei

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

FT-A All-share

FT Gold mines

FT-A Long git

Metals & Mins.

Credit Aktie

Belgian SE

Montreal

Portfolio

DENHARK

FRANCE

**CAC Gen** 

Ind. Tendance

WEST GERMANY

Commerzbank

FAZ-Aktien

Hang Seng

Banca Comm.

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

SINGAPORE

ITALY

SE

Metals & Mints Composite

FT-Actuaries Ali-Share Index

1982

STOCK MARKET INDICES

March 11

1,723.781

797.96

1,597.1

776.85

322.5

1.063.1

509.5

117.6

681 13

603.26

248.7

9.33

1983

793.06

182.81

226.58

1,305.6

1,572.2

14,056.22 14,056.52 12,263.8

1,131.20 1,129.39

765.12

843.62

9.43

1,055.0 783.9

508.7

111.73

3,310.46 3,300.04 2,302.78

2,348.5° 2,331.0 2,046.0 2,957.3° 2,926.3 2,602.2

1,509.53\* 1,491.26 130.38

119.9

668.10

2,063.3 2,018.5 1,205.3

1,639.15 1,667.07 1,380.11

246.6

592.84 276.00

350.72 322.83

n/a 237.28 176.34

Previous Year ago

1,702,95 1,268,55

1984

611.71

147.67

178.79

1,290.8

625.86

685.10

10.71

469.2

207.2

112.4

163.5

1985

DM

You FFr

1986

179.85

6.9675

2.5565

1,538.5

46.3

1.398

3-month US\$

6-month US\$

US3-month CDe US3-month T-bills

1993 1996

8%

8%

9% 2016

1-30 1-10

15-30

T & TA

FT London In

KEXMARKET-MONITORS

Exxon, up S% at \$53% in moderate turnover, led the oil majors ahead. Not all analysts agreed that oil prices may be about to turn higher. But, with the sector looking oversold, prices rose sharply when buyers showed up.

Atlantic Richfield gained \$% to \$50% in brisk trading and Chevron at \$1% to \$36%. Occidental Petroleum, hattered last week by worries over the dividend, jumped \$1% to \$24%, topping the NYSE acitive stocks list in heavy turnover.

The doubts over oil prices sparked profit-taking in airline stocks. A weak feature was American, down \$1% to 549% in heavy turnover after the directors warned that "deep fare discounting" had brought an operating loss in the first quarter - confirming Wall Street's worries about tha industry.

United fell S14 to \$55, while Eastern at \$814 was unchanged, and TWA \$1/8 firmer at \$16%.

But on the American Stock Exchange, Texas Air dipped S1 to \$291/4 as investors waited for the next move in the Eastern acquisition.

Chemical stocks made little response to oil price forecasts. Dow added 5% to \$50% after the board forecast "improved profitability." There was heavy trading again in Union Carbide \$% firmer at

Strength in the high-technology sector also belped the market. IBM regained a further \$1% to \$149% in good transver. taking Honeywell up \$1% to \$75% in its wake. Digital Equipment, however, after remaining firm against the rest of the sector, ran into profit-takers and fell \$1% to \$160%. General Motors had a weak session, sbedding \$% to \$78% after temporarily halting the curb in production

FT-Ordinary Strare Inde

1986

March 10 Previous Merch 10 Previous

1.456

3.2975

261.75

10.145

3,7225

2,240.0

7% 7% 7% 7.05° 6.55°

7.149 101152

7.572 10531/2

Yield

7.65

7.47 7.27

7.52

Price

101%

89¼ 97

107°%2 7.715 107°%2 1142%2 7.945 113°7%2

Dey's change

+0.55

+0.26

+0.22

+1.60

Yleid

9.85 8.8

8.2

March 11 Price 101%

89%

108%

67.4

2.042

CURRENCIES

. 2.28

180.65

7.0125

2.5735

1,546.5

46.65

1.3975

INTEREST RATES

US BONDS

Price

1011352

106722

147.91

141.17

143.37

172.33

Source: Merrill Lynch

10% June 1990

3% July 1990

8% May 2000

10% Mar 1993

132.91 +0.06

U\$ DOLLAR

brought about by an increase in the number of unsold cars. Ford eased \$\%\$ to \$71% but Chrysler beld steady at \$39%.

Signs of a renewed easing in the US dollar helped pharmaceutical stocks, led by Merck which added \$% to \$151% and Pfizer, up \$% to \$151%.

Retail stocks remained in good form despite the latest indication that unemployment remains high in the US. K mart edged up \$\% to \$39\%, and J. C. Pen-ney \$\% to \$65\%, but turnover was light in hoth cases. Sears Roehuck, unchanged at \$45%, made no response to the market's expectations of lower interest rates.

The banks, bowever, remained on the upside as this week's falls in money market rates halanced the cuts in the banks' own prime lending rates. Bankers Trust at \$50% gained \$%. Chase Manhattan added \$% to \$46% and Citicorp \$% to \$50%.

However, bank stocks lost impetus as Treasury-bill rates started to rise. The savings and loan stocks, which would also benefit from any further dip in interest rates, edged forward. Financial Cor-

poration of America added \$\% to \$18\%. In the credit market, money market rates turned higher despite the Fed's intervention with \$1.5bn of customer repurchase arrangements. The Fed's move fits market belief that the monetary anthority will slacken its grip in the face of this week's economic data, which is likely to disclose further sluggishness in the economy. The rise in T-bill rates merely

appeared to reflect technical factors. Bond prices remained near the day's peak levels, with 30-year yields now firmly established below 8 per cent.

#### TOKYO

1700

1300

STERLING

1.4445

. 3.295

10.13

3.7175

2,234.0

2.0166

3% 4% 14%

7% 7% 7% 7% 7.10 6.605

7.61

7.65

Day's

--0.05

-0.04

-0.02

-0.04

Yield

6.8

67.4

### **Enthusiasm** remains unabated

BUYING ENTHUSIASM remained unahated in Tokyo yesterday, boosting the Nikkei average to yet another record, writes Shigeo Nishiwaki of Jiji Press.

But concern began to overtake investors who are worried by the more than 1.000-point rise in the index in only a month, market observers said.

The Nikkei average rose 9.70 to 14,066.22 and volume soared from 467m shares on Monday to 647m. Losers outpaced gainers 442 to 433, with 110 issues

Since the beginning of the month, trading has centred on speculator favourites. But some large-capital stocks among utilities drew massive buy orders in early trading yesterday for the first time in many sessions. Tokyo Electric Power put on Y100 early in the session on the day's fifth heaviest trading of 9.15m shares and scored the highest value in total turnover. It closed Y70 higher at a record Y3,240.

Tokyo Gas, second busiest with 24.72m shares, moved up Y4 to Y367, after reaching a new high of Y371. Nippon Express came third with 20.88m, gaining Y10 to Y710 to match its record.

Institutional investors joined individuals in selecting large-capital stocks. But these issues lost popularity rapidly in the afternoon due to the spreading cau-tion and gave way to medium and lowpriced speculative leaders.

Trading in Nichiro Gyogyo shot up, giving it the top slot on the active list. The fishery issue advanced Y39 to close at Y309 after wild fluctuations on a volume of 29.56m shares. Janome Sewing Machine finished Y50 up at Y1.500.

. However, paper and printing issues, bought Monday on speculation about the yen's redenomination, lost ground under selling pressure. Oji Paper shed Y11 to Y534 and Dai Nippon Printing Y10 to

Blue chips were mixed, with Sony closing Y30 lower at Y3,540 and Hitachi dipping Y1 to Y736 on a volume of only 830,000 shares. Among biotechnologies, Yamanouchi Pharmaceutical went down Y30 to Y2,960 and Green Cross Y40 to

Bond investors were encouraged by the US 30-year Treasury bond yield's temporary overnight plunge below 8 per cent, and many issues showed record low yields in Tokyo. Dealers and institutional investors bad expected the upsurge in bond prices to balt for a while following the recent discount rate cuts by Japan, the US and West Germany. However, they now look for Japan and the US to opt for another reduction in view of the firm US long-term bond mar-

The bellwether 8.2 per cent government bond maturing in July 1995 and the 6.8 per cent government bond due in December 1994 yielded 5.075 per cent against Monday's 5.175 per cent and 5.085 per cent against 5.170 per cent, respectively, both all-time lows. Trading was mostly in the hands of dealers, with institutional investors remaining inac-

#### **HONG KONG**

SELLING BY institutions pushed Hong Kong lower again as the technical cor-

rection entered its second day. The Hang Seng index gave up 27.92 to 1,639.15 as all sectors were hit. Hesitation ahead of Hongkong Bank's results

was also a depressing factor. Hongkong and Shanghal Bank, which after trading released lower-than-ex-pected results, shed 15 cents to HK\$7.85 while its subsidiary Hank Seng Bank

fell HK\$1.00 to HK\$45.00. Hongkong Electric was unchanged at HK\$8.89 ahead of news that profits for 1985 rose by 94 per cent.

**EUROPE** 

### Rate cut tremors still felt

THE TREMORS of last week's cut in interest rates continued to be felt on the European bourses yesterday while the more stable dollar offered investors a second opportunity to move back into export-oriented stocks.

A lively Frankfurt rally was triggered by hectic bond trading in the wake of an upswing in US fixed-income markets. The stock market followed quickly and the Commerzbank index jumped 44.8 to

Bonds were huoyed by speculation of another round of international interest rate cuts soon, according to dealers. Prices rose hy as much as one full point among longs, while shorts added up to 30 basis points. Both domestic and overseas buyers were active.

Bundesbank market halancing opera-tions remained quite beavy with sales of DM 78.6m of paper compared with Monday's sales of DM 71.3m. The average public authority yield declined to 5.80 per cent yesterday from the 5.88 per cent of the previous session.

The 8 per cent 1998 federal government loan stock rose 75 hasis points to 101.60 and the two 6% per cent 1966 federal bonds surged almost a full point. the first issue added 90 basis points to 104.55 and the other 95 basis points to

Calculations by the Westdeutsche Landesbank Girozentrale showed bank paper yields on 10 year maturities down to 8.67 per cent from 6.70 per cent, while five-year paper dipped to 5.87 per cent from 5.88 per cent.

In the stock market, chemicals were busy again with Bayer finding further support. At DM 350, it closed DM 11 higher, BASF added DM 7.40 to DM 325.40 and Hoechst picked up DM 8.70 to DM 329. The sector has enjoyed steady domestic and foreign support in recent weeks largely due to the falling oil price and the consequent impact on chemical feedstock costs.

BMW turned in one of the best showings among the quality car groups with a DM 5 gain to DM 558. Daimler followed up Monday's dazzling display with a more modest DM 5 rise to DM 1,269 while Volkswagen added DM 3.70 to DM 557.20. Among more active banks, Deutsche

at DM 413.50 ex-rights. Commerzbank put on DM 10 to DM 307. Stores rebounded from the Monday's

Bank jumped DM 18.50 to DM 817.50,

while Dresdner settled DM 15.50 higher

weakness and Karstadt unravelled all of its loss with a DM 12 recovery to DM 383. Horten added just DM 2.50 to DM

Brussels gained ground largely due to persistent buying of market leader Petrofina. The industrial group, which represents some 25 per cent of bourse capitalisation, firmed BFr 150 to BFr 6,810. Leading chemical group Solvay added a further BFr 70 to BFr 8,000 after Monday's setback and UCB picked up BFr 90

Belgian reluctance to cut interest rates in line with other European countries weighed heavily on utility stocks with Intercom down a further BFr 45 to BFr 3,585 and Ebes BFr 60 cheaper at BFr 4,560. The Belgian Stock Exchange index rose 10.42 to 3,310.48.

Stockholm retreated from the record of the previous session. Profit-takers were evident in most sectors.

Electroloux was the most active after the board of White Consolidated recommended shareholder acceptance of the Swedisb group's bid for the US appli-ance maker. It added SKr 7 to SKr 278.

Asca was also stronger with a SKr 10 rally to SKr 390 but Volvo retreated SKr 3 to SKr 309, Fermenta continued to lose ground with its SKr 2 retreat to SKr 131 and Pharmacia closed SKr 3 cheaper at SKr 194. Ericsson, the most active on Monday, turned SKr 1 lower to SKr 262 in reduced trading.

MoDo dipped SKr 12 to SKr 230 after Monday's results.

Copenhagen staged a broad retreat led by Novo, the insulin and enzymes producer, which announced lower profits, despite higher sales, for last year. Novo fell 135 percentage points to 1,215 per cent of nominal value, while Superfos, the chemicals-to-construction group, edged & points lower to 304 per cent amid a strong profits forecast for 1986.

Milan made solid progress on the eve of the end-account position squaring ses-

Zurich was steady to firmer while Madrid managed a broad advance.

Paris retreated in active trading ahead of the weekend elections and Amsterdam finished the day mixed.

#### **AUSTRALIA**

CORPORATE NEWS highlighted trading in Sydney where the All Ordinaries share index gained 8.1 to 1,063.1 and the All Industrials put on 12.5 to a record

BHP added 10 cents to A\$6.42 on news that the Government will not intervene in the partial takeover bid by Bell Resources, which rose 5 cents to A\$4.65. Parent company, Bell Group, gained 4 cents to A\$6.40.

News Corporation, which reported a 125 per cent increase in first half profits, .rose 95 cents to A\$13.95 while Herald and Weekly Times gained 12 cents to

Brierly Investments, also with strong earnings, rose 20 cents to A\$6.40 and ACI International, which is the subject of a takeover offer at AS3.20 from Equiticorp Tasman, rose 3 cents to A\$3.30.

#### **NEW ZEALAND**

LATE PROFIT-TAKING failed to stop Wellington from surging to a record as trading in Brierley Investments dominated the market for the second straight

The Barclays index added 6.97 to 2,165.82, the fifth consecutive record, on turnover of 5.9m shares.

Brierley dropped 30 cents to NZ\$8.50 after news of a larger than expected net profit and a one-for-one rights issue. Fletcher Challenge added 4 cents to NZ\$3.35 ahead of its six-month profit announcement due today.

LONDON

### Relentless record run continues

THE RELENTLESS run to record levels continued in London yesterday, spurred by the prospect of lower bank base rates together with confidence on the UK eco-nomic outlook.

Far Eastern, European and US investors were evident with gilts the main attraction for buyers from the continent.

The main equity indices gave a sparking performance, with the FT-SE 108 climbing 24.9 points to a record 1,597.1 and the older-established FT Ordinary share index ending 21.2 higher at 1,326.8, extending its gain to over 200 points since January 24.

Gilts rose to their highest points for many years. After the announcement of the Fehruary banking statistics, the last important data before the hudget, the market went further ahead.

Long gilts showed gains of around one point, shorts were up %, while index-linked stock ended up nearly one point.

Chief price changes, Page 37, Details, Page 36, Share information service, Pages 34–35.

#### SINGAPORE

LACK OF BUYING interest kept investors on the sidelines in Singapore yesterday and prices drifted lower.

Although the debate in Parliament yesterday on the Bumiputra Malaysia finance scandal did not trigger a wave of selling, sentiment was subdued.

Singapore Airlines continued higher. adding 10 cents to SS6.50 while Fraser and Neave put on 5 cents to SS6.20. Rothmans, however, was 12 cents easier at S\$3.68 and Singapore Press gave up 5 cents to S\$5.95.

#### CANADA

A SPURT OF activity pushed Toronto higher after Monday's flat performance. After last week's court ruling which ordered Lac Minerals to hand over a gold mining property to Corona Re-sources, Lac slid another CS% to CS23 and Corona gained C\$1% to C\$24%. Banks were firmer with Bank of Nova

Scotia ahead C5% at CS13%, Canadian Imperial Bank of Commerce CS% up at C\$19% In Montreal, utilities, banks and in-

dustrials were higher with Imasco C5½ higher at C\$29½.

#### **SOUTH AFRICA**

GOLD SHARES extended their losses in Johannesburg yesterday, in the absence of any fresh factors.

Southvaal shed R3.50 to R111, Kloof 50 cents to R21, Anglo American Gold R5 to R217 and Driefontein R1.50 to R51.75.

Diamond share De Beers, the world's largest diamond producer, gained 30 cents to R19.55 after announcing higher earnings for 1985 and a 13 per cent rise in sales for the last year.

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Genossenschaftliche Zentralbank Aktiengesellschaft Merrill Lynch Capital Markets

Orion Royal Bank Limited Shearson Lehman Brothers International Yamaichi International (Europe) Limited

Al Saudi Banque (A.5.a.)	Banque L	eu înternational Ltd.	Bank of Tokyo International Lim			
Crédit Industriel d'Alsace et d	e Lorraine	Compagnie Monégasque	de Banque	Crédit du Nore		
Daiwa Europe Limited	Finacor	Great Pacific Capital	Llyods	Merchant Bank Limiter		
Nesbitt Thomson Ltd.	The Nik	ko Securities Co., (Europe) Ltd		Rabobank Nederland		
Societé Générale Alsacienne de	e Banque	Tak	ugin Internatio	nai aank (Europe) S.A		
Laranteurs	Toronto 1	Dominion International Limite				

Straits Times 607.72 841.98 10% May 1993 101% Federated Dept Stores SOUTH AFRICA 10% May 2013 JSE Golds JSE Industrials Abbot Lab 1,151.5 11.80 Feb 2013 114% 10.2 114% 10.2 SPAIN 139.66 136.58 Madrid SE 112.18 12¼ Dec 2012 113% 10.7 113% 10.7 SWEDEN Source: Salomon Brothers 1,922.39 1,934.72 1,412.20 FINANCIAL FUTURES SWITZERLAND Swiss Bank Ind CHICAGO Latest High Low 580.9 578.7 US Treasury Bonds (CBT) 8% 32nds of 100% MS Capital Int7 285.1 285.7 195.6 97-15 96-03 97-06 96-27 US Treasury Bills (IMM) COMMODITIES \$1m points of 100% (London) Silver (spot fixing) 93.43 93.46 93.42 93.42 Prev 382.90p 385.70p Certificates of Deposit (IMM) Copper (cash) Coffee (Mar) \$1m points of 100% 92.82 92.83 92.82 92.78 \$2,560.00 £2,500,00 LONDON Oil (spot Arabian Light) Three-mo GOLD (per ounce) S1m points of 100% 92.61 92.58 92.56 March 11 \$343,25 Prev \$342.00 London \$343.15 \$339.70 Zürich £50,000 32nds of 100% \$343.74 \$344,10 Mer 120-08 120-30 120-11 119-28 Paris (fixing) \$342.00 \$341.75 Luxembourg New York (April \$343.40 \* Latest available figures

# Business Travel

The travel industry is seeking new ways to woo the business executive. Blandishments include higher quality transport services and easier computerised booking

### Pampering the executives

By DAVID CHURCHILL

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executive, the appeal of travel at someone else's expense still retains much of the glamour
—until the problems of jet-lag and living out of a suitcase in standardised hotel rooms begin to emerge as the reality rather than the fantasy.

of travelling on business that and standards of comfort aimed has forced airlines, hotels, ar the executive markel, inclu-restantants, car renial agen-cies, and other sectors asso-ciated with business travel to

This commitment to giving pay greatec regard to providing a service for the business

a service for the ousiness traveller than in the past.
Airlines, for example, now go out of their way to woo the business traveller into their business-class seats rather than leaving them to fend for themsclves among the economy class passengers paying their own way. On its North Atlantic routes British Airways now offers a guarantee lo all business class passengers. If the class is hooked they will be up-preded to first class or even given a seat on Concorde.

TRAVELLING ON business is a pleasure for some and a chore for others. To the company chairman, blase after years of travelling the world on business, the thought of yet another trip to New York or Hong Kong may not be exciting.

Hotels, moreover, are trying to give the business traveller a belier deal, belaiedly recognising that the executive requires different treatment from the customer on holiday. Holistip to New York or Hong Kong may not be exciting. may not be exciting.

But to the rising young of its best hotels in the US into "Crowne Plazas" with special concierge floors to give extra privacy and facilities such as

meeting rooms and boardrooms. Nor is it just the international business traveller who is being wood with extra levels of service, British Rail has come up with a whole new It is perhaps this disen-chantment with the mechanics ronge of services, special offers,

This commitment to giving the executive travelling on business a better deal reflects in part the bouyancy of the market following the recession, and a growing appreciation by the travel and entertainment industries that the business traveller can be a less fickle customer than the holidaymakers who form the bulk of the trade, This can be clearly seen by

the strength of support for next week's Business Travel exhibition and conference being heid at the Barbican Centre in Lon-



One airline's view of how the executive wants to travel: the super executive cabin on a British Caledonian DC10

it depends on the definition of at £2,1bn. what is included and what is America left out of the various sub-markets. American Express, for example, carried out a survey last year which suggested that total amount spent by British companies on travel

The exact size of the business accommodation and subsistence overstating the size of the have an added significance in travel market, however, is difficult to calculate precisely since the at £2.5bn and entertaining expenditure by UK companies on to be frequent travellers—

American Express points out that this level of expenditure is some four times the total advertising expenditure by Britisb companies, three times the amount spent on rates and over twice the figure paid in

business travel is no more than £11bn a year. This comprises £3bn each for petroi and accommodation costs, £2bn each for air fares and entertaining and

Whatever the true size of the and contestainment was an annual £17.4bn.

This comprised alrears and petrol costs of £4.3bn each.

The companies on travel ovec twice the figure paid in market, there is little doubt that the Mintel and American ing.

The Mintel and American ing.

Express surveys, is to Europe is a large and important one for the various companies involved.

Business travellers, moreover, The Soviet Union appears to much in the application of

fibn for rall and ear hire.

that they are far more likely to be frequent travellers—especially overseas—than the population on average. In addition, business travellers spend broadly twice as much pecvisit as the average traveller.

Most overseas travel by UK executives, according to both the Mintel and American

#### CONTENTS

The Airlines Travel Agents	2	Car Rental UK Hotels
Regional Air Services Air Taxis	4	British Rail World Rail

Credit Cards Women Executives **US Cost Control** Air Travel Costs

Conferences 10 Insurance US Hotels 11 Incentives Airlines of the Future 12

be the least popular destination for the business traveller.

Business traveller.

Business travel, however, is not just one-way. Over a fifth of all visits 10 the UK are classed as business tripe. With executives from the US, France, and West Germany tin that order) being the most frequent visitors. About a quarter of all expenditure in the National car rentals.

ness travel market—and the numbers involved—it is hardly surprising that the industry has become increosingly professional over the past decade. The travel trade has been an enthusiastic new user of sophisticated new computer developmenta to reduce administrative costs and speed up serfirst into these developments,

the hotel chains and car rental agencies have adopted computerisation with a vengeance. Indeed, it would be hard to see how the major operators in these sectors could continue to offer the same degree of ser-vice without the benefits of computer-controlled reserva-tions, allocations, and involc-

more computerisation but in the whole way of companies

ter of all expenditure in the National ear rentals.

UK by overseas visitors now Only about one in four com-Compared with a fifth in the late 1970s.

Enthusiastic

Given the size of the busiestimated to cost British companies about £140m a year in lost interest. Surely it cannot make economic sense to he-up valuable company funds to ser-vice cash flow," suggests Mr Grimshaw.

> "In today's market with a little thought and investigation, it is possible to negotiate diacount rales with a favoured supplier who will invoice the company through central

Mr Roy Stephenson, American Expresses's vice-president in charge of Iravel management scrvices and marketing, also points out that companies should approach business travel in as sophisticated a way as they do other parts of the business.
"The way to control it is not to cut it but to allow volume to

work to your advantage," he CONTINUED ON PAGE 12

# **SAA move** to Heathrow

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### Better service in battle to win customers

The airlines MICHAEL DONNE

ANYONE READING business ANYONE READING mismess jouroals and quality newspapers could hardly fail to realise that a major battle is being waged among the airlines for that most-prized of all their customers, the business traveller.

As the volume of air travel continues to rise—last year, according to the International Civil Aviation Authority's estimates, some 892m people flew on scheduled domestic and international services world-wide—the pattern of traffic is changing. While business and leisure travel are rising, the latter has tended to rise at a faster rate, as a result of the influence of widespread fares discounting, especially on longhaul routes.

This has had two primary effects. First, it has encouraged more and more business travellers to avoid the economy, tourist or discount sections of the aircraft involved, so as to escape the congested seating and reduced standards of inflight service that have tended to accompany the growth of cheap-fare long-distance travel.

Secondly, this in turn has encouraged the airlines to give greater recognition to this more discerning class of traveller, and to make greater efforts to give him or her a higher standard of comfort, both in terms of seating in separate cabins and improved in-flight standards of service.

It is now a fact that on many long-haul airlines, the volume of business class travel in separate cabins is greater than the even higher-fare first class traffic.

The latter remains strongly business orientated—few travellers pay for first-class travel out of their own pockets-but the improving levels of business-class service on the airlines has encouraged many companies to use the businessclass cabins as opposed to first-class, leaving the economy-class to the mass travellers at the

it used to be, as a result of the competition between the airlines for this higher-fare traffic. Seating standards have been improved (in some airlines, the business-class now gets what used to be the first-class seating, the latter itself having been extensively upgraded with new "sleeper" style seats), and the overall quality of in-flight service has



How the interior of a Club Class section on British Airways narmally looks. The middle seat is left vacant, although on some occasions when demand is high on given rautes or services, BA fills that seat.

Rusine	ee visi	tors to	11K

	Expenditure by o				
		Total	B	Business	
		£m	£m	% of total	
1970		432	91	21.1	
1971		489	109	22.3	
1972		550	123	22.4	
1973		682	149	21.8	
1974		834	200	24.0	
1975		1.114	249	22.4	
1976		1.628	336	20.6	
1977	•••	2.179	457	21.0	
1978	***************************************	2.502	528	21.1	
1975		2,765	597	21.6	
	***************************************	2.965	734	24.8	
1980	***************************************		763	26.0	
1981	***************************************	2,938		25.1	
1982		3,163	795		
1983		3,655	896	24.5	
1984	(provisional)	4,195	1,020	24.3	

few routes, notably across the North Atlantic between the UK and New York, the choice is much greater, and it is here that the battle for business traffic is at its fiercest.

British Airways, as a result of its successful Putting People First campaign, has done well in this struggle, and it has escalated the fight even more in recent weeks by offering a guarantee of carrying all business-class (which it calls Super Club) traveliers, even if the business-class cabin is full, For long-haul flights, the quality of most business-class service is now much higher than it used to be, as a result of the competition between the area by upgrading them to first-class at no extra charge, or even sending them on Concorde if the first-class cabin is full.

Alternatively, it is offering them an economy class ride with

quality of in-flight service has risen.

On most long-haul air routes, there is a choice for the business traveller of at least the sales attack has to be sustained. The average business traveller is keenly aware of his or ber significance to the airline, and such to rest away slipnage of

quality in standards of service. Being customarily articulate travellers, they are not slow to either point out the faults when they find them, or to shift their allegiances to rival air-

The best advice one can give to any business traveller is to pay attention to the advertisements, shop around for the best deal in quality or price, or both, and do not hesitate to complain and change allegiances if necessary.

It is a lamentable fact that airlines do become complacent,

and allow quality to slip, especially in the standards of in-flight cabin service, albeit little by little, and this is not something which the business traveller should tolerate.

On short-haul flights, organization in Western France.

especially in Western Europe, the situation is different, with the situation is different, with a sometimes wide disparity between the business-class cabins of airlines flying the same route. The British Airways Club Class cabins, for example, in Boeing 7378 on example, in Boeing 7378 on the some short-haul European routes do not compare at all is favourably with those of its the Atlantic would stand to win rivals, such as Air France on a structural to route of BA's habit of filling all Club in the Atlantic would stand to win the London-Paris route.

In the London-Paris route and the London-Paris route an

Class seats, three-abreast on either alde of the aisle, can often make for a considerable degree of discomfort, and does not justify the higher fare (compared with economy class) that the airline charges.

that the airline charges.
Other (foreign) airlines appear in be much more aware of the need to give the business traveller a better standard of seating and in-flight service on short-haul European routes, and despite their desire to "fy British." many UK business travellers frankly opt for the foreign carrier for this reason on many routes.

Whether the steadily increas-ing competition on short-haul European routes—with British Caledonian and other airlines operating alongside BA—will effectively achieve an improvement in this situation remains to be seen.

So far, most of the emphasis in the progressive de-regulation of European air routes sought by the UK Government has been on getting fares down, rather than on improving the quality of service for business travellers. But one effect of the increasing volume of cheaper-fare traffic on those routes may be more pressure from business travellers for improved stan-dards for themselves, to justify their fares differential.

Every business traveller has bis or her own views of what constitutes good service, and each has a favourite airline on a given route. From the air-line's point of view, such aliegiances are expensive to win, and it is often surprising that they do not do more to recognise the loyalties that many of their passengers give them.

In today's climate of increas-ing computerisation of information, it should not be difficult for airlines to keep full records of regular travellers, and offer them inducements or rewards for regular use of a particular airline or route. In the US, the the Frequent Flyer system is widely used, whereby business travellers can log milages every time they fly with a particular airline, so that when they reach a specified figure, they qualify for bonuses such as discounts or even free tickes. This is expensive for the US

airlines, but it tends to encourage a style of "braod loyalty" that does not exist

**Business class** services

Offered by 33 major airlines Number of

Separate check-in	33
In-flight entertainment	32
Newspapers/magazines Choice of entrees with	33
meal	33
Free drinks	
Comfort/amenity kit Special meals prepared	
on request	29
aliewance	
Advance seat selection	
Priority baggage	20
handling	27
Free drinks including	
champagne	26
Use of lounge facilities Priority boarding/dis-	
embarkation	
On-board wardrobe	
Passenger gift	10
transfer	

telex/lele-

Choice of three entrees On-board mall service

No single airline offers all these facilities: on average 13 of the 21 listed are offered.



Nearly 300 computer communications DPAS air ticket printing and accounting systems have been installed in UK travel agencies. Together with Travicom electronic reservation equipment, this is the system in use in more than 90 per cent of automated specialist business travel departments

### Clients' in-house challenge

Travel agents ROBERT DAKDALE

TRAVEL AGENTS are facing new competition in the pro-vision of business travel services-from the companies they have traditionally supplied.

The background is the elsewhere.

It is also a potent weapon in the fierce competitive battles that take place in the deregulated US airline market place, to be installed wherever there

forecast that the result of allowing company travel departments the use of reservations and ticketing facilities will be the destruction of the existing means of travel product distribution in Britain. They want to maintain the agreement that only UK travel agents and airlines may supply air tickets.

A similar argument took

A similar argument took place some years ago in the US, with travel agents trying to push back the incoming tide and failing. Eventually American legislation was relaxed and now it is more than a year since the law changed, allowing access to tickets to anyone in the US whom the airlines wish to supply, not only travel agents.

This move towards greater access by the public directly to principals' dalabases may be repeated in the UK very soon. Several American airlines last year, began a vigorous sales campaign to introduce their electronic reservation systems into British agencies. Pan Am has now broken ranks and will supply Panther, its Prestel based electronic reservation system to members of the Institute of Travel Managers.

Install

Others are on the verge of Others are on the verge of installing this equipment in company travel departments. American Airlines Sabre and United Airlines Apollo are believed to bave over 30 terminals already installed in British agents. Delta, Eastern and TWA will not be far behind in placing their systems in in placing their systems in this country. Gerry Feroback, UKTAA President and immediate past chairman of the Guild of British Travel Agenta (GBTA) thinks that expenditure on equipment without ticket stocks makes commercial nonsense. In other words com-panies will also want to benefit from the commission on ticket sales.
In Britain, Travicom offers a

multi-access system allowing electronic reservations to he made with 44 airlines. A total of 92g travel agents have direct line links to the sophisticated full Travicom service with a total of 2.136 terminals at nearly 1.000 locations, quite apart from a large number of apart from a large number of travel agents who gain entry to the system by private viewdata. Jim Harris, both a British Airways director and chairman of Travicom reiterated to agents at a February meeting bis airline's absolute commitment to assents. Travicom here ment to agents. Travicom has admitted however, that if American airlines put their terminals in company travel departments. It would have no alleroative hul to follow suit Installation of equipment is

company running its own travel agency. In the US the National Passenger Traffic Association has set up its own agency in New York which it plans to expand by franchising through-out America. The UK Institute of Travel Managers also considered setting up its own agency through which members would place corporate travel

arrangements.
In the US this development

was inevitable once travel departments of companies could handle bookings and undertake handle bookings and undertake ticketing, receiving the same discount as an agent. Yet although these travel departments did all the work appointed travel agents of airlines remained, in theory, responsible for these corporate. accounts and collected override;

commissions. The new NPTA fuitiative will be able to gather in these override commissions. The British ITM decided, ence beld in Dublin in mid-February not to go ahead with its own agency chain, Perhaps influenced by the cost. Some big corporations which bave set up their own travel agencies have in fact been selling them off. Instead ITM has decided the existing UK distribution system

for travel services remain the most efficient. Yet, while there may soon be alternatives to use of a travel agent, the huge range of added value services which agents can provide remain beyond the capacity of most individual companies to arrange for

There has, for example, been a very rapid development in the type of information now pro-

Analyses are provided detailing how much bas been spent and what savings have been achieved because of the expertise of the travel company. These savings can be huge, far greater than the 2 per cent in 5 per cent discount that may be achieved as part of a contract.

American Express and Thomas Cook have already developed a means of providing customers with this information on-line and already over 20 pllot sites are experimenting with the use of direct access to their travel agents' computers.

Attraction

There are other reasons why many companies do not want to be in the travel business, despite the attraction of savings because of direct

direct in one form or another cannot always be guaranteed an objective assessment of their total travel spend and total travel management, which could be heavily biased and heavily weighled towards the principal who gives them the direct communication.

Agents say they can provide clients with a flexible management information system that will enable them to control their total expenditure, and bring into play the buying power of a large travel organisation. Substantially reduced corporate botel and car hire rates and specially discounted air faces are examples

air fares are examples.

only one step away from a vided to companies concerning facilities available to them to be company running its own travel travel and other expenditure. limited. Increasingly the corporrole of a consultant advising companies on the best way to expenditure.
Technology will help in

making the simpler forms of distribution cost effective and far better for the client, but the total range of services required will have to be dealt with by counselling, conversation between the agent and the company beiog essential.

Most of the emphasis in recent years has been on the buyer in the business travel company, the travel manager and the finance director.

There has been a necessary emphasis on price and value for money. Although agents are actively continuing to pursue that roule, they also recognise there is another ingredient to this equation, namely the

traveller. a survey into the likes, dislikes, needs and wants of travel mar-agers and others making travel purchasing decisions. At the same time it has conducted research into the needs of the business travellers themselves.

There are often conflicts-the trarel manager's job is to pur-chase as cost efficiently as possible, whereas the travelling business man does nol neces sarily want to save his company money. He may prefer to travel first class and always stay at the best hotels.

There are other significant contrasts too between women business travellers and men Companies with direct access which travel agents believe the can also sometimes find the are best-equipped to resolve which travel agents believe they

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The main concourse of Manchester International Airport and an unusual get together of three Concordes launching the advent of Super Shuttle at Glasgow Airport

## British Airways grants ease the risk for operators

#### Regional air services

MICHAEL DONNE

OVER THE next few months e major expansion in the volume of international services flown between UK regional air-ports and the Continent by the smaller regional airlines is expected to take place, as a result of the injection of some £6.75m of British Airways' cash into those airlines.

This situation has evolved following the Government's White Paper on Airline Com-petition Policy some time ago, in which it was revealed that BA was prepared to make grants to smaller regional air-lines of up to £450,000 per route over a three-year period for some 15 routes between regional airports and the Con-tinent, so as to encourage the development of regional air services. The primary regional airports involved are Birming-ham, Manchester, Aberdeen and

#### Stimulate

This largesse represents the biggest single cash injection into the regional airline situation in the UK for many years. This largesse represents the biggest single cash injection into the regional airline situation in the UK for many years, and is bound to belp stimule the development of short-haul air services between airports outside London and the South East and airports on the Continent, to the benefit of business air travel.

cash are: Air Ecosse (Aberdeen to Dublin); Euroair (Aberdeen to Dublin); Euroair (Aberdeen to Esbjerg); Ace Aviation in the EEC which allows smaller aircraft to operate withing the Community without bilateral agreements. The airlines, bowever, must still have already to Brimingham to Dusseldorf, Frankfurt, Stuttgart and Amsterdam); Connectair and Amsterdam); Connectair (Manchester to Rotterdam); CAA'a safety requirements.

Developing regional air services has always been in the past a difficult, if not a highly speculative, business for the airline operators.

On many regional air routea,

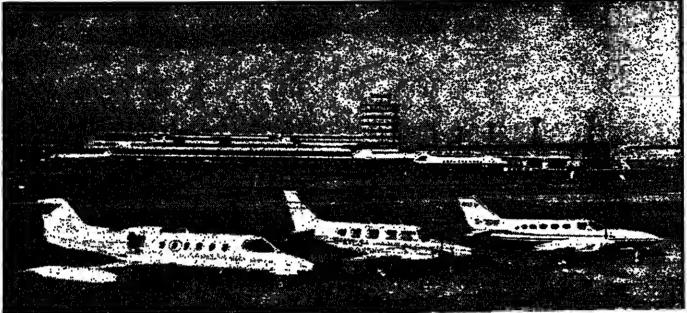
especially international routes, the volume of traffic is small by comparison with that generated from such major bubs as London's Heathrow, and many attempts over recent years to establish such services have failed because the finance required bas outstripped the capacity of the airlines involved and traffic has failed to expand at the rate required to make such services vieble.

The BA offer, supported by the Government, is designed to belp change that situation, by belping the smaller regional airlines to launch new international air services and so take some of the strain off the London and south-east airports by stimulating operations from major provincial centres.

major provincial centres.

Many small regional airlines submitted applications for the BA cash to the Civil Aviation Authority, which after much deliberation made recommendations to the Secretary of State for Transport, which the Department has now substantially confirmed. tially confirmed.

The airlines named by the Department to receive the BA cash are: Air Ecosse (Aberdeen



Three aircraft of the Northern Executive Aviation air taxi fleet at Manchester International Airport. Lest to right: Gates Learjet, Piper Navajo Chieftain and Cessna Golden Eagle

Dan-Air (Manchester to Amsterdam, Oslo and Stockholm) and Suckling Aviation (Manchester to Ipswich and Amsterdam). Most of these airlines fly air-Most of these arranes by air-craft with fewer than 70 seets apiece, so can take advantage of the recent deregulation with-in the EEC which allows smaller aircraft to operate with-in the Community without bilateral agreements. The air-lines however must still have

than any previous ventures. Au-other element that should help to make for their success is that today's generation of more fuel-efficient and cost-effective shortbaul turbo-propeller airliners are more likely to make money than the larger jet airliners that regional airlines used in the past two establish such air ser-

It is hoped that as a result UK Government to encourage many of these services will start regional air services wherever with BA's cash aid with e better chance of becoming viable policy of promoting the growth of civil eviation outside London and the South-East.

There are close to 50 airlines of all kinds registered in the UK. Leaving aside specific heliall-cargo airlines copter operators, operators, and

Air taxis

MICHAEL DONNE

BUSINESSMEN seeking greater flexibility of movement but unable to afford the convenience of a company-owned air-

craft would do well to con-sider making greater use of the

extensive range of services offered by the air taxi operators in the UK.

Those who have not yet experienced the remarkable liberation from the bassles of scheduled air services that the

use of a private aircraft can provide will be agreeably surprised.

UK Government to encourage regional centres and London itself, or between regional centres and Continental destina-tions. They range from the biggest, such as British Airways and British Caledonian, to small "commuter" or "local service" airlines such as Brymon Each in its way contri-butes to the overall develop-

the fact that during 1984 (the last full year for which detailed statistics are available) they

The pattern of domestic and collectively carried over 8.3m passengers on domestic scheduled air services (that is, exclusively within the UK itself), apart from perhaps another one million or ac carried on international ser-

vices from regional airports.
It is this beavy dominance of domestic operations in regional air services that the Government is anxious to correct, for it is argued strongly business travellers seeking international flights are obliged to fly to London and other south-east airports to make their connections.

The pressures are increasing, therefore, for more direct services to international destina-tions from regional centres, primarily short-haul to Western Europe but also for long-haul operations to major destinations

such as the US and South East Asia and Australasla. Qantas, for example, already flies from Manchester to Australia; Singapore Airlines Austrana; Singapore Arimes starts services from Manchester to Singapore this spring; a new airline, Highland Express, is planning operations from this summer from Stansted, Birmingbam and Prestwick in Scotland to both New York and Toronto.
On short-baul scheduled international operations. British
Airways is expanding its flights
from Manchester, while in

international regional services is thus expanding, albeit more slowly than many airlines, air-port operators and business travellers would like to see. Tha difficulty is that air services cost money to inaugurate, and air-linea are not philanthropic institutions: they want to see the likelihood of adequate traffic and cash returns before

committing themselves. The BA largesse is likely to in the regions that far too many be the biggest cash injection business travellers seeking in such services for the foreseeabla future, epart from any individual roules that indi-vidual alrlines may see es likely sources of profit.

Many of the smaller operators, however, are worried lest the massive power of BA itself, once that state-owned cerrier is privatised, is let loose on the domestic air transport market, to the detriment of smaller regional operations.

The BA financial disburse-ments now planned are designed to counter that fear, but there is still considerable concern in the independent airline sector that, if it chose to do so, BA, once privatised, could "mop up" domestic regional airline operations to its own benefit, and reduce travelling public.

baul turbo-propeller airliners are more likely to make money than the larger jet airliners that regional airlines used in the past two establish such air services.

Apart from these specific operations, it is the aim of the Whether this comes to pass

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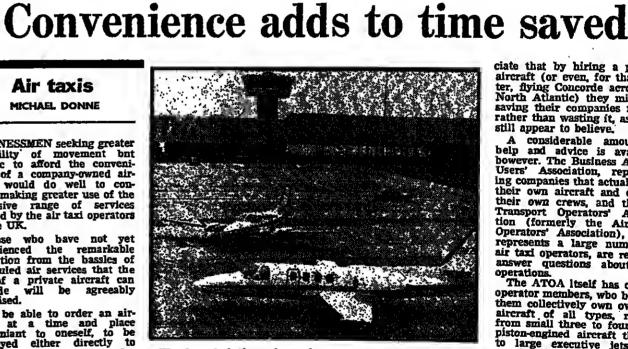
Inomas 🖃

Te be able to order an air-craft at a time and place conveniant to oneself, to be conveyed either directly to ultimate destinction or far closer to it than any scheduled alrline can achieve, is a boon that an increasing number of business travellers are discovering. Apart from the savings an executive's time, and in the wear and tear on his physical and mental systems by avoid-ing busy airports and increas-

ing busy airports and increasingly crowded aircraft, there
is the benefit of comparative
privacy in which to work or
discuss business affairs. Senior
executives who have aiready
experienced such benefits
invariably declare that they
would prefer, if possible, not
to revert to their former eir travel babits. Such private aircraft, either fixed-wing or bellcopters, are mostly employed on short-haul journeya throughout the UK or Western Europe, where the costs involved are acceptable

to most companies.

The air taxi, of course, can also be used for much longer journeys if desired, but the cost inevitably rises, and it is usually only the top executives



Elmdon Aviation air taxi company at Birmingham International Airport

Concorde on the North Atlantic men bave discovered. route, and the non-stop services from say, London to Singater to visit severel widely pore and Hong Kong, is now scattered sites in a single day, proving).

But for short journeys in the UK and Western Europe, tha air taxi can save many weary hours hanging around airports, and enable e much greeter volume of work to be done in a given time. The benefits can vary, too, according to the type of aircraft used. A fixed-wing aircraft is itself constrained by aircraft is lister constrehed by airfield availability, but since there are many bundreds of such airfields evailable for smaller aircraft typea in tha UK and on the Cootinent, this is less of a problem than for the scheduled airlines which are confined to their specific airports.

At many of those smeller air-fields, too, customs facilities are either aiready avellable or cen be laid on, given advance notice, if an international flight by air taxi is contemplated.

increasing use of the supersonic wing aircraft, as many business-

It is possible with a helicopeven more so than with a fixedwing aircraft, so advantageous is the belicopter's ability to land and take off in restricted

Air taxis, whether fixed-wing or rotary-winged, are not cheap, but frequently the cost of using such aircraft can be more acceptable than many businessmen realise.

If several executives are conveyed in one alreraft, the overall cost of the air taxi hire can actually often be less than the total of their combined air fares on the scheduled airlines to the nearest available airport, leaving aside any consideration of greater convenience and comfort thet the air taxi can provide.

either already aveilable of century of large corporations who can choose to travel that way, with other secior executives being obliged to use the first-class or business-class cabins of the long-haul scheduled airlines.

For longer journeys, such as halfway round the globe, there is less nead for apeed on the part of the busicess travetler. If be or she is going on a journey of several thousands of miles, the saving of an hour or two oo the journey is perbaps less necessary (although it is still desirable for some, as the security of the saving of an our or still desirable for some, as the security of the securities and advance of the laid on, given advance advance to the laid on, given advance advance to the laid on, given advance advance to the laid on, given advance to the securive bas to consider is bow valuable his or ber time may to the fourney to be and how important to the company is the journey to be and how important to the company is the journey to be and how important to the company is the journey to be and how important to the company is the journey to be and how important to the company is the journey to be and how important to the company is the journey to be and highly paid, and highly paid, and can be offset against the like all the provided a suitable of the provided a suitable of the p

ciate that by hiring a private aircraft (or even, for that mat-ter, flying Concorde across the North Atlantic) they might be saving their companies money, rather than wasting it, as many still appear to believe.

A considerable amount of belp and advice is available, bowever. The Business Aircraft Users' Association, representing companies that actually own their own aircraft and employ their own crews, and the Air Transport Operators' Associa-tion (formerly the Air Taxi Operators' Association), which represents a large number of air taxi operators, are ready to answer questions about such operations.

The ATOA Itself has over 60 The ATOA Itself has over 60 operator members, who between them collectively own over 300 aircraft of all types, ranging from small three to four-seater piston-engined aircraft through to large executive jets. The members are all knowledgeable on civil avietion matters, and they have a code of conduct they have a code of conduct ensuring fair businass dealings and a strong emphasis on safety. Many thousands of businessmen bave already used the facilities they provide, and the members of the association

are enxious to encourage many thousands more to do so.

Business travellers contemplating the use of air taxis of any kind are strongly urged to contact the ATOA, from whom a list of members can be obtained. This is because there are some aircraft operators who are acting illegally by not bolding an Alr Operators' Certificate as issued by the Civil Aviation Authority. Authority.

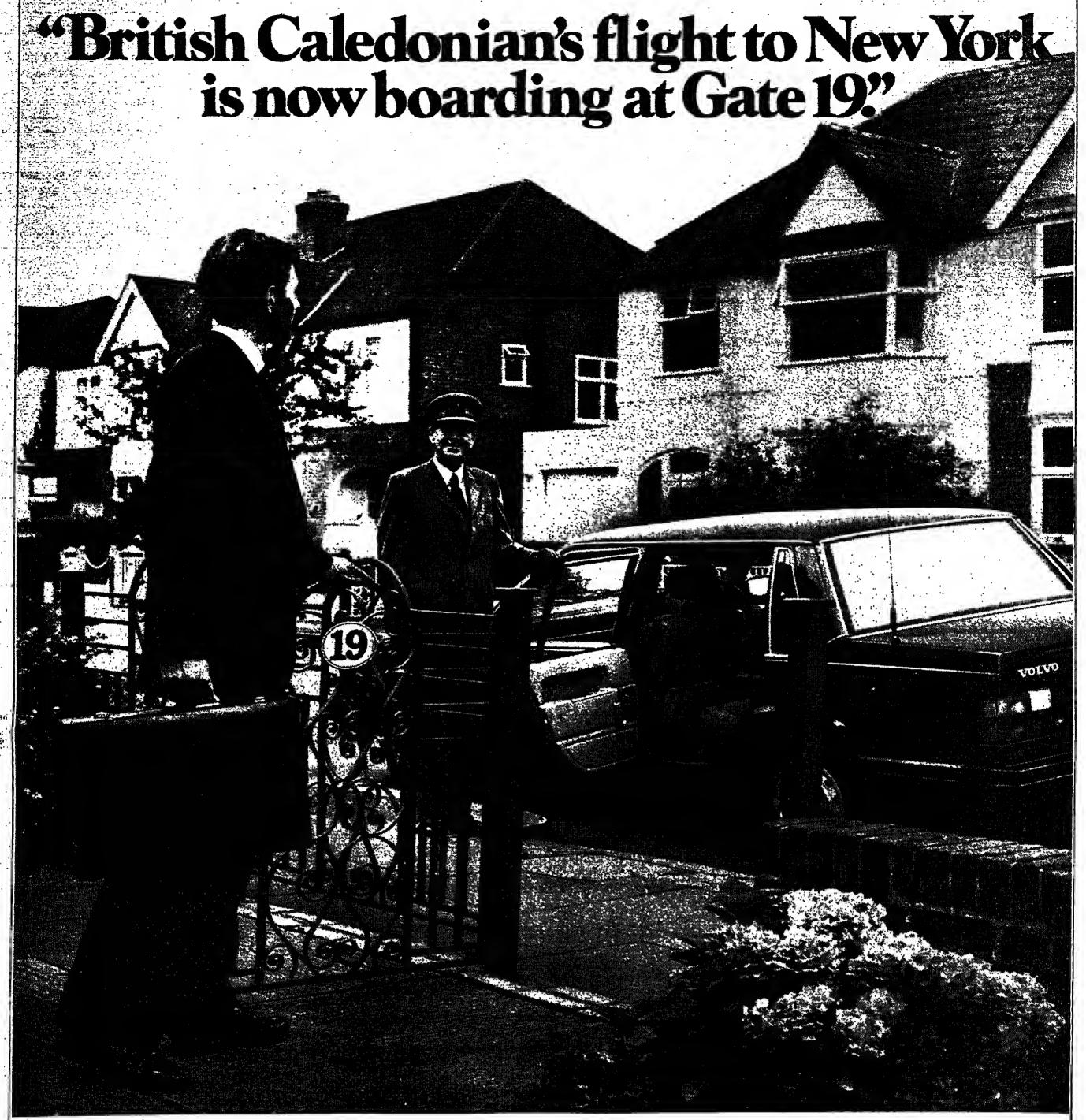
Such Certificates confirm that the bolder complies fully with British civil eviation regulations, standards and insurances as specified for public transport operations.

to the nearest available airport, leaving aside any consideration of greater convenience and comfort that the air taxi can provide.

The main question that any executive bas to consider is bow valuable his or ber time may be, and how important to the company is the journey to be made. If the executive is senior amough, and highly paid, the value of every bour saved in travelling is significant both to the individual and the company, and cao be offset against the cosl of the aircraft hire.

The ATOA's view is that there is no substitute for aafety in air trevel eod that uncertified fringe operators offering cut-price services are dangerous. The ATOA advises all prospectiva users of public air charter transport to ensure that their carrier operates to professional standerds and with the Civil Aviation Authority's approval—as do all the member companies listed in the ATOA's current year book, obtaicable free from the Association on request.

It is astopishing how often



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### Cash gap dangers covered

#### Credit & charge cards MARGARET HUGHES

TATE ONE Saturday a suppe guest, who is also a journalist, was ordered by his newspaper to Manila. It was the weekend which marked the heginning of the end of Ferdinand Marcos' presidency of the Philippines.

Having secured himself a seat on the first flight out, my guest's thoughts turned next to his financial needs. Normally this would not have presented a problem. He has the usual array of charge and credit cards —all widely used in the Philippines. But who knew what might happen when the country was in turmoil? As it turned out, banks did close for several

days.
Clearly what he needed was hard cash: not the casiest com-modity to come hy in any sig-nificant amounts on a Saturday night. Cashiers, even on a Sunday newspaper, it seems, do not work at weekends and his news desk's petty cash float did not run to funding overseas trips.

Our first response was a quick emptying of pockets and purses followed by a cyclek dash to the

followed by a quick dash to the nearest cash dispensers. But, inevitably, hy Saturday night our respective weekly cash allowances were virtually used up. We did not come up with anything like enough.

anything like enough.

Raising cash quickly outside
hanking hours is a problem hy
no means confined to journalists
sent off to cover breaking news stories. It applies equally to husiness men and women sent at short notice to negoliate or clinch an important export deal. Often the export markets are remote and far less financially sophisticated than the Philippines. So just where can you raise ready cash?

Most large companies have longstanding arrangements with their travel agents which allow husiness traveller to pick up cash or travellers cheques from their airport desks. But many smaller companies do not and a recent American Express study showed that more than half of all business travellers still make their own

The journalist in question had been told that such an arrangement was being made for him. But he was less than convinced—he had already been given inaccurate flight information by the travel agent and was unable to ralse him on his

home or emergency numbers.

This particular cash crisis
was solved by means of an Access card and the Thomas Cook office at Victoria station where he was able to buy travellers cheques - often as acceptable as cash at even the most unofficial of money changers.

Victoria opens from 7.45 to 22.00 seven days a week. So too does its Gatwick Airport office and it offers a 24-hour service at the Heathrow Penta Hotel, American Express cardholders can draw cash out of banking hours at Amex's Burean de Change in the Hay-market. This is open from 12.00 to 18.00 (22.00 in the summer) on a Saturday and on a Sunday from 10.00 to 18.00 (22.00 in



There are also Amex representatives at the British Airways offices in Oxford Street and High Street Kensington which are open from 9.00 to

17.00 on Saturdays.
Soon, though, Amex cardholders will have wider access
to cash. Its US and West Gerto cash. Its US and West German cardholders, who for some time have been able to draw cash from some 4,500 ATMs in North America and the Caribbean, can now do so in France at 600 cash dispensers operated by Credit Lyonnais. They are able to draw \$500 a week.

By the end of this year they will be able to draw cash in the UK at any of Lloyds Bank's limit. But cash dispensers. This facility will also be available to UK holders of the Amex Gold Card Access who will be able to draw up to £1,500 a week.

Amex also has six cash

points of its own in central London from which US and West German cardholders can draw cash. These are at its travel offices in Cannon Street, the Haymarket and Knightshridge and at British Rail stations at Euston, King's Cross and Paddington.

#### Shared network

By the end of this year all Amex cardholders, including those in the UK, will have access to 600 cash dispensers of the shared link network of which Amex is a member.
Twenty of those will he
operated by Amex and will be
part of the international network which it aims to install in 19 countries across Europe, the Middle East and Africa to dispense travellers' cheques as well as cash.

Access and Barclaycard and Standard Chartered Visa card-holders who have taken up the option of a PIN (personal iden-tification number) can draw cash from the ATMs of the supporting banks. Usually the ceiling is £100 a day, Midland, however, restricts drawings to £100 a week although holders of its Mastercard Gold charge

Pangers.

Royal Bank of Scotland
The Thomas Cook office at allows its Access credit card holders to draw up to £200 a day. Even so, such an amount would not take anyone very far

on an overseas trip.
Visa Premium card holders
do rather hetter—£250 a day or £1,000 a week. They can also huy £1,000-worth of travellers cheques at Barclays' Heathrow branch at Terminal Three which is open 24 hours a day. Midland, which is the only UK hank so far to issue a MasterCard Gold csrd (NatWest will soon), not yet have this facility.

allows its cardholders to do the same at Midland's Heathrow branches at Terminals One and Two which are open until 22.00

Two which are open until 22.00 each day.

There is also a reciprocal arrangement wherehy Midland's Gold cardholders can draw £250 in cash at Barclays Heathrow branch and Visa Premium cardholders can do the same at Midland's Heathrow hranches.

Holders of Access and Visa ordinary credit cards can use them to buy travellers cheques them to buy travellers cheques out of banking hours at their respective outlets — Thomas Cook and Midland or Barclays

to their unused credit

But drawing cash on credit cards is an expensive exercise. Access starts charging Interest from the minute it is drawn plus a handling charge of 1.5 per cent Visa imposes the same service fee but charges interest only if the amount drawn is not repaid by the payment date, after which it will start charging a higher rate of 27.2 per cent against 26.8 per cent for retail purchases. These are additional costs which the husi-ness traveller should remember

to pass on to their employer. Once overseas, cardholders can draw cash at participating hanks and related travel offices the equivalent of £100 a day for Visa, Access Mastercard and Midland Gold card holders. Visa Premium cardholders can draw up to £250 a day; Amex green or personal cardholders £100 in a three-week period plus £400 In travellers cheques; while Gold card holders can draw £250 In cash plus £750 in travellers cheques over the me period.

If they bank with Lloyds Bank or Grindlays the £1,000 can be drawn in cash. Diners Club allows its cardholders to draw \$1,000 every 14 days at any Citicorp branch overseas. Like Amex, Visa is also estab-

lishing an international cash dispenser network. It currently has more than 5,960 worldwide card are allowed to draw up to of which nearly 1,900 are in £1,000 a week. Europe, the Middle East and Africa with the highest concentration in France and Spain. Until Barclayeard links up its

network Visa only has 105 cash points in the UK at Standard Chartered and Trustcard outlets. By the end of this year it aims to have 12,000 in operation in 12 countries with 5.500 of these in Europe, the Middle East and Africa. Visa credit card holders can draw the equivalent of £100 a day and Premium card holders £250 a day.

Access-Mastercard holders do

Visa's Premium cards and Midland's Gold card, like the American Express and Diners American Express and Diners Club cards, are charge cards. As such they provide the traveller with great spending power since they carry no credit limit provided the £7.500 of the associated hank overdraft is not breached. They also offer additional heneits for the husiness traveller with Amer providing traveller with Amex providing the widest range of services but Visa dolng so through a larger number of outlets.

Such services include free travel insurance if tickets are charged to the card, free use of office facilities at key business centres, hotel and other reservation services, a 24-hour emergency telephone line and money transmission facilities including substantial amounts of instant cash when cards are lost.

A new departure for the card companies and one presumably aimed at seeing off the competition in the travel payment husiness has been the launch, first by Diners Club and then by Vice of a travel woulder. by Visa, of a travel voucher system. Some \$15bn-worth of such vouchers were already being sold by travel agents throughout the world but the system was fragmented with no uniform clearing or payments

#### Attitudes

Travel vouchers, which are bought through travel agents, allow pre-payment of hotel accommodation, car rental and other travel costs. Since the hotelier and other service outlets are paid more promptly than by credit or charge card companies and travel agents are assured of getting their commission, travellers may well find themselves under increasing pressure in future to use this form of payment. For them, though, it is far less attractive

than plastic money.

As with travellers cheques, payment has to he up front with the loss of the free credit period that comes with charge and credit cards—it can take months, for bills to come months for bills to come through from some parts of the globe.

For those who do not have company charge cards there would be some advantage if their company pays the accommodation costs directly. But not all companies want to pay in advance, saded to which meals and other hotel extras will still have to be paid for separately which may compli-cate rather than simplify bookkeeping.

If a husiness trip is not being undertaken in a rush and there is time to arrange travellers cheques, then they are ohviously safer than carrying wads of cash. But they are not cheap. A commission of I per cent, sometimes more, is charged on purchase and it costs another 1 per cent to exchange them for cash abrosd at rates of exchange which are often relatively poor compared with credit and charge cards.

However, several building societies which now supply American Express and Thomas Cook cheques do so free of commission.

More flexible, especially for travellers to Europe, are Euro-cheques. These are guaranteed for the equivalent of up to £100 and can be written in 24 European currencies. They are accepted by some 4.5m retailers throughout Europe — including eastern Europe—as well as north Africa, Turkey, Israel and Lebanon. But as with credit and charge card there are still pockets, even in the developed world such as southern Italy, where there is resistance to payment in anything but each

thing but cash. But flexibility has its price. The cheques may come free but the supporting card, which can be used to draw cash from 500 ATMs in Spain, costs £3.50 to £4 depending on the hank and this has to be paid every time it is renewed. On each transaction the collecting over-seas bank charges a 1.25 per cent commission.

If the user's current account on which it is drawn is not in credit and therefore eligible for free banking, a further charge of 30p will be deducted from the account.



Bank of Scotland autoteller in an Edinburgh branch



Hotel chains are now turning their attention to women executives

### Hotels see value in meeting special needs

Women **Executives** FIONA THOMPSON

WOMEN ARE an increasing part of the business travel market, representing between 10 to 20 per cent of the total. "Given that hotels are there to provide choice, the needs of husinesswomen are felt to he an important part," is the policy of the Crest Hotel group and one which could not be argued with from a marketing standpoint-if the demand is there,

supply it.

The question is, does one wish to he a "lady guest" staying in a "lady Crest room" and helng looked after hy staff who have been trained in "lady Crest policy." Crest policy "?

And what can the International hotel group Ramada mean when they say their unique training programme for staff dealing with travelling business-women "explains the niceties of how to present the wine list and hill when women are and nill when women are hosting a meal for male guests"? Is there some special way to hand a wine list and a hill to a woman?

Much of the advice attitudes given to staff in hotels which have a policy on women travellers seems part basic politeness, part common sense. However, many of the addi-lional facilities and services provided would equally appeal

Having said that, surveys have highlighted a number of needs

given high priority by travelling husinesswomen and hotels are acting to provide them. Top of the list is good security. Women want good locks, such as deadbolts, on corridor and connecting room doors and feel that security chains and spyholes should be standard. Front desks should be staffed 24 hours a day and procedures should he followed to ensure privacy of room numbers.

At a number of hotel chains it is now policy for reception staff checking in women not to mention the room number. The key is put inside a folded card An extremely simple

Many women complain about the way they are treated in hotel bars and restaurants. Research carried out by Ramada showed that 60 per cent of female executives spent most of their free time in their hotel rooms "rather than face discourteous treatment in the hotel's public areas."

procedure but most reassuring.

An Automobile Association survey of women hotel users in Britain reported that a woman alone in a hotel har was invariably ignored.

Worse than heing ignored though was having me's presence misinterpreted. Crest puts it quite hluntly in their advertisements. "I don't have to take my briefcase into the bar to prove that all I want is a drink," says the husiness-woman extelling the virtues of "finally finding a hotel that treats me like a man,"

Crest has been conducting research into the special needs and requrements of its "lady guests" since 1983 mainly through a series of questionnaires. Each botel has a training officer who instructs staff to be especially aware of, for example, not leaving women walting for service in the bar, In the AA survey, 63 per cent of the businesswomen inter-

viewed complained about being given a room a long distance away from the hotel's reception, restaurant and other central facilities. Linked with this was a general dissatisfaction with the levels of porterage with 51 per cent rating it poor.

available can also cause con-cern. Halrdryers, full length mirrors and skirt hangers are the Items most frequently mentioned in survey questions ask-ing what should be standard in hotel rooms. Also better light-ing and an iron and ironing hoard as pressing facilities are inften unavailable after a certain

time. In the AA guide to hotels and restaurants in Britain, AA hotel inspector Fiona Marr bighlights the problem of hotel rooms designed purely with the needs

men in mind,
"There are trouser presses, shoe shine machines with brown and black polish and shaving mirrors with electric sockets and lights. But where are the skirt presses, the machines for blue, grey and plum coloured shoes, proper dressing table illumina tion, convenient electric sockets for hairdryers and adjustable back-view mirrors."

Overall, it is the question of attitudes which concerns trarelling businesswomen most.

Ms Christine Cavolina, who has spent the past eight years travelling for 35 per cent of her time in her joh as European director of advertising for the Institutional Investor, feels things have improved recently. "Over the past five years there have been lots of changes. I see hotels making much more of an effort now to cater to

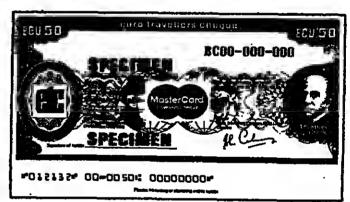
basinesswomen, especially in restaurants, being given a good table for example. Perhaps they didn't think of it before." As the number of women travelling on husiness increases, hotels could be ignoring their needs at their peril.

Dus

W tray

Costs

take the



### Travellers cheques widen horizons

constantly on the look out for expanding services for the business traveller. Although not specifically designed for the husinessman, the Ecu travellers cheque, the hrainchild of Thomas Cook Financial Services, will certainly be useful vices, will certainly be useful for the traveller, husiness or tourist, who is constantly crossing frontiers in Europe. The European Corrency Unit, although it has no coins or hanknoles of its own, is according to international hanking figures, the fifth most popular world currency after the US dollar, the Swiss franc, the Deutsche mark and the Deutsche mark and the Japanese yen. It is also the third most popular currency on the Eurohond market and Is used as a major unit of loan, investment and

THE BIG travel companies are

The Ecu travellers cheque can he encashed in thousanda of hank hranches across Enrope and can be exchanged for any of the ten major European currencies. Its value is based on a basket of these currencies. Mr Roger Taylor, Thomas
Cook regional director for the
UK and Ireland, said that as
a result of monitoring what
was happening in the European was happening in the European-currency market it was secu-that the Ecu was becoming more popular. The Ecu travel-lers cheque is at the moment only obtainable in Thomas Cook outlets in the UK and through the Midland Bank, of which Thomas Cook is a subsidiary.

It is also obtainable through

subsidiary.

It is also obtainable through one or two overseas hanks with hases in London. Later, it is hoped that the cheque will be acceptable in the retail sector in the European countries.

Companies."

Another "cossetting of the husiness traveller is in the area of health and Thomas Cook. Is offering to arrange for a postaine the health screening—not for the husiness—setting one for the husiness—setting one for the husiness—woman—at various controls." Last week, the business travel
service of Thomas Cook found throughout the UK. another niche to move into: the provision of a "full protection"

THE PRST THING A TO DEAL WITH IS COWBOY TAXIS AT THE AIRPORT

pscksge for its business travel clients. This puts special emphasis on security, health and insurance and is aimed at the husinessman. The service-could even include a bodyguard for people going to trouble areas.

areas.

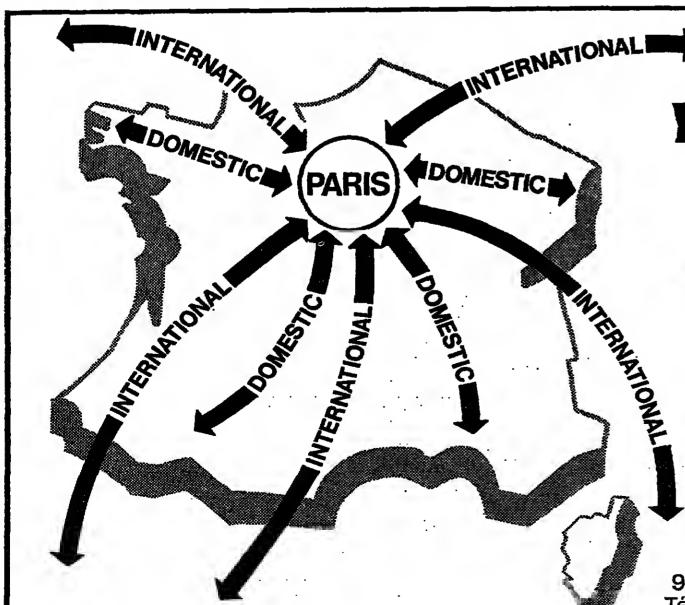
"We are fully prepared to get s client into any country or any situation, Mr John McEwan, managing director, ssid.

"Other than the security aspect, we have such detailed information on foreign countries that we are able to pass on this data or the experiences of other clients to someone who might be travelling to a particular area for the first time—provided, of course, they are from non-competitive companies,"

Another "cossetting" of the

centres

Arthur Dawson



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### **US** cost control & management

FRANK LIPSIUS

THE COST of business travel in the US rose by only 2.8 per cent in 1985. Competition among airlines kept faces in 8 2.2 per

concern of the corporations that have to pay for them. American Express Trayel Related Services Company, a part of the large travel, credit card and banking company, showed in a survey conducted in 1984 that travel-related expenses are the third travels controllable corporate. concern of the corporations that

with varying degrees of willing ness, to the demands for such

hotels and AA hotel highlights tel rooms the neeth

r present of the pres

in in

Dir.

traveller loyalty, the plans give free tickels, cabla upgrades or other rewards depending on the amoont of accumulated miles on the carrier. Travellers suddenly had an incensive to build mile-age with a particular airline regardless of the coal to their

Almost every other airline serving business travellers cent rise to restrain the overall serving business travellers average as computed by fillowed with its own frequent flier plan. It is estimated that Runcheimer intermetational, which started a low-cost service that the largest arrives are signed up of 3.8 per cent, meals 2.4 per to the ten largest airlines' programmes.

Helping to hold the lid nn Even Presidential Airlines, that the largest airlines' which started a low-cost service.

ont of Washington's Dulles air-



Mr Roger M. Ballou, executive vice president American Express TMS: 500 companies using Travel Management Services

company, showed in a survey ronducted in 1984 that travelrelated expenses are the third largest controllable corporate costs, after salaries and data processing.

With annual travel expenditures of more than \$80bn, corporations are finding new ways to monitor employee travel and entertainment expenses while the travel-industry responds, with varying degrees of willingness, to the demands for such a survey of company, sacwed in a survey component of the control of

Express offers to provide travel should be firm in keeping to the services while monitoring the system. employees' actual activities.

Called TMS, Travel Management Services, the American Express service is not, emthe executive vice-president-TMS, meant to win airfare bonuses back for companies.

"We encourage companies to let employees keep their bonuses." he noles, "though we also make sure they get the lowest available fare." Having almost doubled in 1985 to 500 the number of companies using TMS, American Express works with the client to establish policies which are then implemen-ted for individual travellers.

American Express will also court potential clients by pro-viding them with consultants who point out weaknesses to existing trarel policies, whether they are long-standing ad-vances employees avoid repaying the company or evidence of grocery receipts being used as company expenses.

American Express stresses the importance of formal travel policies that reflect the comwith varying degrees of witing travellers have every incenlive came a class-action suit against to ignore costs and build points came a class-action suit against of company travel policies that reflect the company travel policies that the com

Manuals for employees should show how to fill out expense reports, identify what documenta-tion the reports should have, Express service is not, cm. and note the guidelines for phasises Mr Roger H. Ballou, getting approval when required.

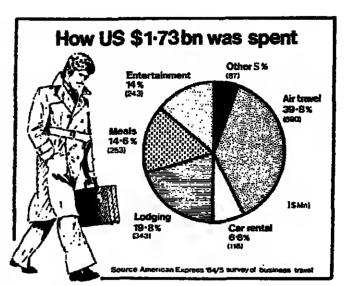
Once TMS is implemented, American Express keeps com-pany and employee profiles in the lowest fare in the permit-ted category. Mr Ballon em-phasises that the system is not limited to large companies try-ing to hold down expenses.

Even for consultancy firms where expenses are not monitored to keep them low, TMS enhances efficiency by keeping up with fare changes, having a 24-bour phone service and worldwide facilities.

Among the 500 companies using TMS are IBM, Westing-house, and Nestle, where Mr Ballou says, the point is not to climinate inhouse travel staff but to allow them to monitor policy rather than book fares. The full cycle of TMS includes reporting back travel expenses for employees to show where they did and did not follow

company policy.

Although the systems need not be so elaborate for small com-panies. American Express is actively soliciting business in and travel bookings with pro-all categories of company size files of Individuals and com-



charge companies for using American Express recently TMS. The cost is paid in-conducted a survey of company directly through payments for travel policies in Enrope. It American Express cards, which many companies provide for their employees anyway, and prove the company's internal the fees generated from carcomputer capabilities before riers for booking flights like any being able to implement the travel agency.

In providing the extra ser- start its own cost-containment vices, American Express is link- policy with an audit of travel ing computer entries for cards and travel bookings with prothrough direct mail and sales panies to create a more com-staff.

American Express does not previously provided.

has identified a need to extend TMS to Europe, but has to imservice. But any company can practices and the implementa-tion of policies to reflect a thought-out concern for whal a company really wants to provide employees with in their business travel.



American Express Travel Management Service's online monitoring of corporate travel and entertainment expenses, via Prestel

### Move towards 'no frills' business trips

Air travel costs ALLAN BEAVER

factor for no less than 70 per cent of business travellers, according to a snrvey nuder-taken a few years ago. Even in the supposedly rich, expense account, world of business Irips, 36 per ceni of respondents saw themselves as cost driven, and placing a high priority on nofrills travel and accommodation, with a further 34 per cent very cost-conscious, but concerned to get good value for money and willing to pay for good quality service. Only 30 per cent claimed to be not bothered about cost, and ready instead to seek out first class hotels and travel services.

Let these who do need to the provides nominal accommonal to the priority on nofrills travel and accommodation, to comply with the regulations—in effect, only a return coperators offer this.

So Is there a cheaper individual or group inclusive arrangement which will cover all or part of the journey planned? For example, cut-price arrangements incorporating charter or scheduled air filghts are available to a vast number of trade fairs, conferences and exhibi-

For those who do need lo

that lower air fares are often inflexible. If you alter your trip, you may lose the total cost. Iata airlines seldom enforce cancellation or even no-show charges on biglier price tickets.

• How much travel risk are you

willing to take? It may be foolish to join the standby queue at the end of July, but queue at the end of July, but trans-Atlantic standby tickets are usually available in midfebruary without problems.

• What about other risks? Will you deal with disreputable companies which might involve losses? Some of the chcapest air tickets infringe airline rules. Back dating the issuance of advance purchase tickets and foreign enrrency ticketing (sometimes called cross border selling) are typical examples, but there are many more.

selling) are typical examples, but there are many more.

• How much comfort do you want? Is there a company policy about who may travel first or club class and whether this is limited to journeys over a specific duration. Travellers should be flexible regarding their choice of airline. Restricting travel to a named airline often restricts the fare options.

There are other checks which there any alternative air fare, including those with an advanced booking requirement, which might then apply?

If after taking all the above points into account, a full price-scheduled air ticket is inevitable, it may be possible to visit more places than originally planned at lillle or no extra cost by taking advantage of the Iata mileage system. Thus it may be possible to combine several

the business traveller is entitled trips on the same ticket, using lo expect, at the very least, mileage to best advantage.

travel agents to make. If you do not have a company travel manager, then undertake a spot manager, then undertake a spot clieck, several times a year just to make sure you really are receiving the best possible deal.

Is there a special low cost fare available through a consulidator or bucket shop, or reduced rate travel on the particular route involved nego-tialed by your agent. Alterna-tively is there a charter flight or minimum rated package tour (MRPT) available to the desti-nation involved? (An MRPT provides nominal accommoda-

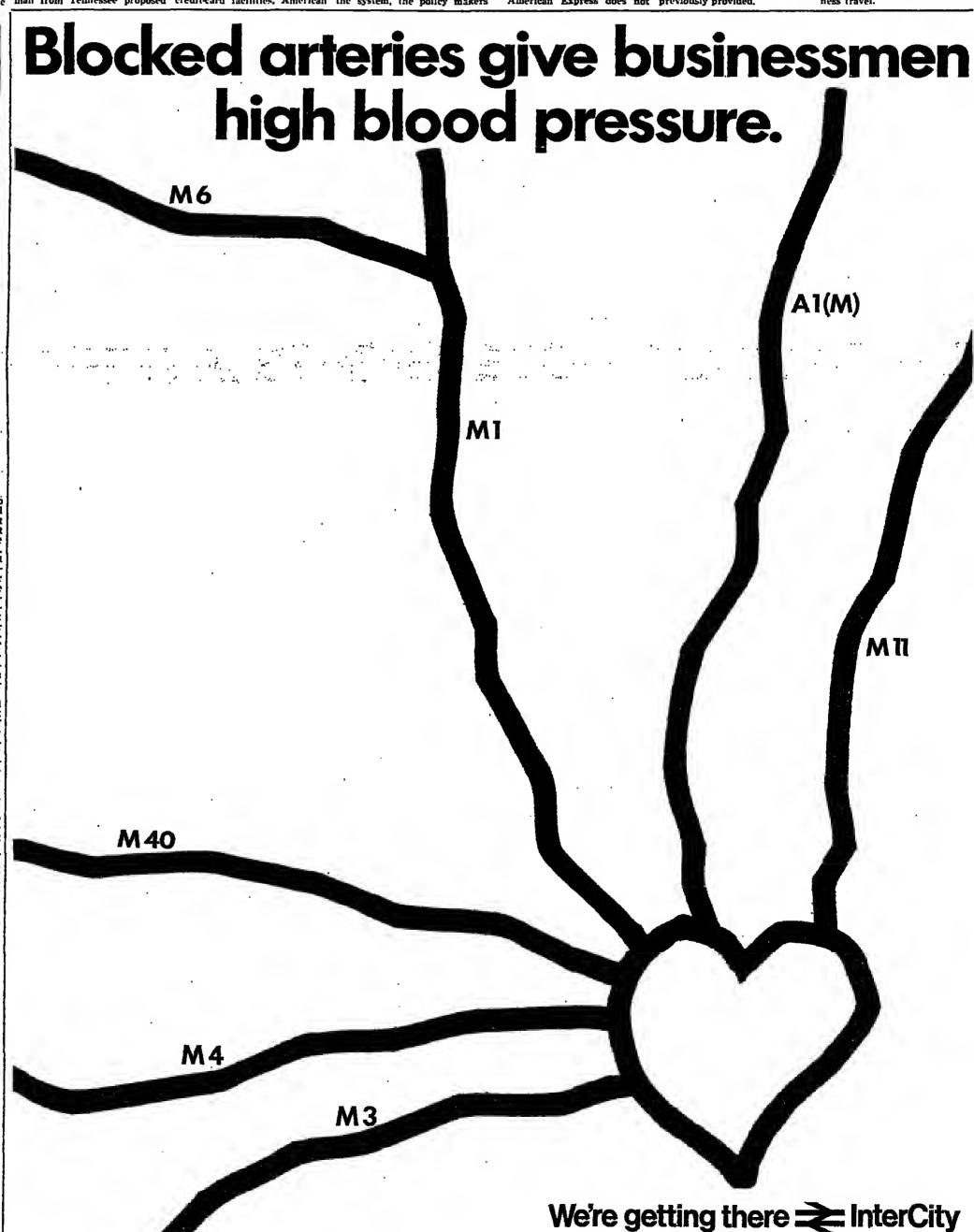
fairs, conferences and exhibi-tions. You do not have to attend

For those who do need to fairs, conterences and exhibitions who perhaps have not always done so in the past—the following are some useful tips on bow to get the best deal when travelling by air.

Are you absolutely certain you will be able to keep to times and dates of travel? Remember that lower air fares are often or part of the planned ittoerary? or part of the planned ittoerary?
Minimum and maximum stay
rules are designed to make it
difficult for businessmen to use

tnese fares. Another lata regulation pre-vents the sale of excursion tickets in countries other than those from which the accursion fare applies. But it is neither illegal, nor wrong for you to

There are other checks which possible to combine several



### Service more important than price

Car rental DAYID CHURCHILL

FOR THE husiness traveller, the choice of which company to rent a car from depends on several factors. Increasingly, however, the trend is towards executives seeking convenience and service rather than price as the key determinant of which car rental company is chosen. After all, no businessman wants to face further delays after a long flight and clearing customs so speed and convenience of service at airports is very The husiness traveller, more-

over, appears to be rather a fickle customer for the car rental companies — a Sierra is a Sierra, after all, and so the seasoned executive will look for that extra level of service when hiring a car rather than sticking to one particular rental agency. Not every executive is free to pick and choose among car

rental companies because of the special deals already lined up with their companies. But perhaps it is a sign of those with high flying potential who are able to buck the system and rent whichever car is more convenient for them at the time. The car rental business in the UK is itself an industry

where there is a lot of potential

rather than actual usage: only three out of every 10 people in the UK have ever rented a car. for example, compared with seven out of every 10 in the US. This makes the UK market both an attractive one from the major rental companies' point of view - hut represents a nagging problem as to why rental is not more popular.

Accurate figures on the size of the UK rental market are not readily available but a recent market study published by Budget Rent A Car, based on research from Mintel and the British Market Research Bureau, suggests that the total short-term car and van rental market was worth £370m last

This comprised turnover of £290m for car rentals — some £20m higher than in 1984 and £80m for van rentals, a rise of £10m on the previous

preoccupation with car reoters when choosing a rental complay, albeit in service local, pany. Some 61 per cent of busishort-distance needs.



Executive car service provided by Hertz/British Caledonian

convenience of pick-up point. This factor weighs beavily in favour of the national rental companies with more outlets for rental and return.

The study estimates that 6 per cent of all new cars are purchased by the short-term rental companies, with a total rental fleet standing at 100,000 cars and 25,000 vans.

A buoyant outlook is forecast for the industry as a whole, helped along by such factors as the decision of many companies to abandon pool car fleets as a cost-cutting measure and to rely on hire contracts which do not carry the overheads of a in-house fleet of cars.

The six largest operators in The study, based on a survey of over 1,000 users, found that 60 per cent of the total market were business users while the remainder used car rental as part of their leisure activities.

According to those surveyed, price was no longer a major prescrupation with car renters operators still have a role to operators still have a role to

operates a rental company, operates a rental fleet of over 8,500 vehicles covering over 35 rental models. It offers rental facilities at over 270 locations, including full service on-site offices at 75 main UK railway stations and at 27 UK airports.

#### Upkeep

Worldwide, Europear International is one of the three largest rental net works in the world, operating in 110 countries with 127,000 vehicles at over 3,000 rental locations,

Mr David Hardman, Europcar's managing director, says that "the business market is booming." He believes that the reasons for this growth include the greater efficiency and speed car rental services around the world.

'Few companies can provide suitable vehicles, in tip-top condition, at short notice, or can afford the upkeep of a fleet of the size and calibre necessary to meet these requirements," he:

ness users, and 41 per cent of Europear, which claims to be Cost efficiency is important "This is a very costly leisure users, gave priority to the UK's oldest and largest car to the business traveller, he purchasing car rental."

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cannot afford to waste his time - he needs to know that be will never bave to go far to collect or return his vehicle."

Swan National, a subsidiary of the Trustee Savings Bank, has a fleet of some 8,000 vehicles and 100 branches in the UK. The company esti-mates that about 80 per cent of its rental business is from the business traveller.

Swan National's business travel service includes an hotel accommodation and rental package which cuts down on ad-ministration, since only one booking call is required and one invoice issued.

Mr Tony Grimsbaw, managing director of Swan National ren-tals, points out that only one in five companies approaches car rental requirements in a systematic way by opening accounts with one or more of the major rental operators. "In-stead, companies instruct per-sonnel to rent a car if necessary and claim back the charge Cost efficiency is important "This is a very costly way of UK car rental

Estimated market shares 1984

Europear/Godfrey Davis

Without an account with a rental operator, a hiring com-pany is unlikely to qualify for a discount and there is little control over the type of car rented and less control over the period of the rental, he adds.

The major national car ren-tal companies all offer favourtal companies all oner tavour-able terms to account customers and a variety of services such as central reservations, free de-livery and collection of vebicles, one-way rental facili-ties, and central hilling.

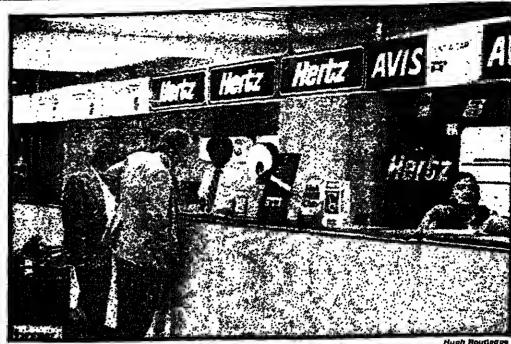
Budget Rent A Car mainly operates as a franchise system in the UK whereby retail motor dealers can offer a car rental facility in addition to their other activities. Apart from some 120 outlets thronghout the UK Budget last year opened. UK, Budget last year opened hooking desks within the three terminals at London's Heathrow airport.

This was part of the British Airport Authority's campaign to increase the use of alroort car rental facilities. Rental desks as terminals bave increasingly been by-passed as computer technology takes a grip on the car rental business with bookings made in advance. ings made in advance. When Budget moved Into the Detroit and Miami airport terminals in the US, car rentals went up

sbarply. While Budget, as the name implies, is a "value for money" rental operator, the main thrust of the business rental market is still towards service rather than price. Hertz, for example, bas introduced a computerised routlng system for business travel-lers which enables city centre out renters to find their way to a accou botel or conference centre with the aid of a detailed print-out

Avis also has a system in the UK whereby business travellers on the British Airways super shuttle routes can book their car on the flight and on arrival be told exactly where it is in the car park.

The message is clear in the increasingly sophisticated and busioess traveller is a customer



Car rental reception desk at Terminal 3 arrivals, Heathrow

### Spenders move away from big chains

**UK Hotels** 

FIONA THOMPSON

travellers. They may be de-manding, sometimes obwaot everything 10 minutes before they have even asked for it, but they do want the best and are prepared to pay for it—or at least have their com-panies pay for it — without quibbling over the price.

Hotels will always welcome the individual guest and con-vention groups, but the "return per unit" just does not add np. The individual is far more where the money goes.

The fact that more and more business travellers are taking advantage of "no stop" checkout facilities — whereby
accounts are posted on or all
credit card details are taken
on arrival and the hill signed then and there — indicates a certain laissez faire attitude that few individual travellers

Company accountants may squirm, but it is the rare em-ployee who can hooestly say he considers every penny of his company's mooey as carefully as he would were it his own.

very top end of the market there has been a trend in recent years away from the big hotel chains towards the smaller, exclusive hotel. The most up-to-date facilities are available in these luxurious, many "all-suite" properties, and the service is on a more personal level.

The trend towards the smaller properties, especially in the US. has prompted more of the larger botel chains to promote the executive floor concept, where a complete floor, sometimes two or three, is given over to providing a special service for the business traveller.

Extra facilities are made available, such as out of hours secretarial services, free newspapers, complimentary conti-nental breakfasts, free cocktail snacks and drinks. In some cases these hear little relation to the additional premium charged. What the guest is

instances the return is well worth the outlay. Business travel may seem glamorous to office bound staff but any survey of executives who travel frequently shows that for many people it can be a lonely, exhausting and sometimes exhausting and sometimes to book anywhere from 100 to 500 room nights a year, the large room nights a year, the large

in Kinshasa and Rio hut equally many husiness travellers would prefer to go on such jaunts in

Fellow enthusiasts can be met cent. during the cocktail hours held exclusively for the executive floor guest in a private lounge. Corporate husiness represents a significant, substantial part of most botel groups business.



Business travellers on the Executive Floors of the London Hilton on Park Lane have the free use of a separate meeting room for small informal discussions

The advantages to the hotel Crest Hotel's Business Club chain of an executive floor is offers companies discounts of 10 that for a not very substantial to 15 per cent for a commitment outlay, they can charge a of 250 nights a year. Company premium in the same way as employees receive priority airlines dn for their club or business sections on long haul

flights.
The hig chains hope to encourage initial interest and return bookings by the use of three different schemes-the basic executive club membership, discounts, and loyalty programmes which nffer programmes bonuses.

Discount

tend to appeal to the individual traveller. In addition, virtually all the major hotel groups offer corporate discount schemes to

tedious experience.

There will always be sophisticates bappy to make solo discoveries of the best restaurants

Tor a nrm commitment to book anywhere from 100 to 500 room nights a year, the large cates bappy to make solo discoveries of the best restaurants continental, Hyatt, Trusthouse Forte, Westin, Ramada, Mar-riott, Crest, Thistle, Hokday Inn offer corporate rates with a dis-

employees receive priority booking, the best room avail-able of executive standard, plus extra toiletries, bathrobes and

To many hardened travellers, Club executive membership, for example, the applicant must have stayed at one of the group's hotels on six occasions within the past year. Membersbip does not entitle the bolder to discounts, but it does offer preferential handling of reservations, rapid check-in and check-out, extended check-out goes along with it.

Corporate treasurers' doubts notwithstanding, in many instances the return is well worth the outlay. Business travel may seem along modation, special gifts such as aftersbave or perfume and cheque cashing facilities up to £250.

Programmes such as these travel may seem along the seem to appeal to the seem of the seem to appeal to automatic upgrading of accom-

count averaging about 20 per

Crest is also one of the hotel groups which operates a loyalty club scheme. Under the Fre-quest Guest Programme, a guest is allocated a stamp for each visit and entitled after 20 stamps have been collected to a free three-night weekend for two in any of the chain's UK or continental European botels. According to Mr Peter Pal,

marketing manager for Crest Hotels, the company has been very pleased with the performance of the loyalty scheme. Crest ia unusual in offering

the free weekend bonus as very few hotel chains offer prizes in the UK. Such schemes are, however, very common in the

Quality control of services and facilities in the large chains has led to a certain amount of international uniformity. While this will never be totally universal universal, nor presumably would most people wish it to be, it can be reassuring to the business traveller and indeed to his or her company, to know they can rely on a certain standard of efficience. certain standard of efficiency, security, and facilities.

New technology has had a considerable impact in dealing with reservations and increasingly is important for more business travellers as the ability to confirm and change arrange-ments becomes more crucial.

Again the large chains benefit here by their ability to negotiate terms with individual companies on a national and often global basis.

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How railways in most industrialised countries are chasing a lucrative sector

## BR aims for up-market image

British Rail ANDREW FISHER

IN THESE cost-conscious days. in these teactors of a business traveller with a whole new range of services, special offers, and standards of comfort. At the top end of the market passengers seem to wel-come BR's tharper, more com-mercially-minded approach, though complaints and scepti-

"We want to cosset the passengers," says Mr Gordon Hall, project manager for the n lounger now being instatled at several main stations. So BR is brightening up its carriages and intends to offer a much wider variety of food and

of the concept first developed by George Mortimer Pullman in the 1830s, is heavily stressed on intercity services. The tra-ditional grey and subtle pink decor of the Pullman service is replacing the harsher colaurs of the past.

But not all business passengers go first class. Those whose nies are not so well-off, or simply meaner, have to put ap with the less plush second-class carriages, though BR is trying to smarten these up, too.

About 40 per cent of husiness travellers on the InterCity services—covering rontes between London, the North and Mid-lands, Scotland, Wales, and the West country—go first class. BR reckons InterCity has about 30 per cent of the tatal British business market of 80m jour-neys a year, not including com-muting:

Air travel, especially on long nicely.

Asses Cab. 1 desent & th 2 Commitment 22r. Company 21v2 prompt

Scandard, 1985 bathrobs 🗃 to of the box rates a lepto ader the fo rogramme, l utled after i reflected : weekend is

repean lets

de Petr K er for Or any has be the perfor ty scheme

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bones e e efer pos schemes e emen e e

of some clarence in constant i

market. Cars are also widely cushioned seats, desks, a tele-with Scottish and Western variety of meals than can be used on short and medium vision, plenty of greenery, and Regions at 78 per cent, Eastern cooked on a train. Trusthouse routes. But many executives a prominent drinks tray looks at 71 per cent, and London Mid-haz carried out the trial on the language of the language o

BR says business passengers a way to encourage sales af all slightly lower.

have responded to its more more cards and also as an extra For other trains service-minded policies, which include tic-ups with American Express, Trusthouse Forte, and Rank Hotels,

The Pullman lounges have certainly been popular. BR bas revived the tradition begun by James Allport, the general manager of Midland Railway, who introduced Pullman dining and sleeping cars into Britain in the

BR opened the first of its new Pullman lounges at Kings Cross station in London a year ago. By August, some 10,000 people had used it. Last October, it opened one at Euston and e similar number of travellers bad whiled away time before journeys by the middle of February, 1986.

Pullman lounges

Others will be opened of Leeds (in May), and Newcastle, Edinburgh and Glasgow (Jinne and July). The Scottish ones will be ready for the Commonwealth Games in Edinburgh at the end of July. Mr Hall saya there sre plans for lounges in the Birmingham stations (International and New Street), Preston and Cardiff. Preston and Cardiff.

To be allowed into a Pullman lounge, you need a first-class ticket, not just a season ticket, and an American Express card, though you will nsually be admitted without the ubiquitous blue card and be given an application form. BR'a own Travel Key or InterCity Pullman Club cards will also do

The Enslon lounge, with teleland, has a large chunk of the phones, a copying machine, BR target during those months,

American Express sees It aa service for those who have them already. The jaded, or just plain hungry and thirsty, traveller can wash down an open sandwich, say smoked sal-Chablis at £4.55 (£8.85).

Champagne, aperitifs, and spirits are also available, as are slightly cheaper table wines, tea and coffee, all served by friendly hostesses. Loudspeaker announcements are filtered discreetly into the lounge. There are even Pullman Club wallers, tiea, and scarves on sale.

To many hardend travellers, well-used to delays, poor scr-vice, and lack of comfort, the Pullman extras will be merely fancy frills, not really touching the root of the problems and needs of business travel.

More people have complained recently about BR's punctuality and standards, says the Central Transport Consultative Commit-lee, the watchdog body. The CTCC said kindly in its last half-yearly statement: "Many of us feel that British Rail potenticity have a fine railway

It made clear there was still a long way to go. The propor-tion of express trains, which business travellers would most often use, arriving on time or up to five minutes late was 77 per cent in April-September, 1985, against 80 per cent the year hefore and BR's own Inter-City target of 85 per cent. Southern Region reached the

prefer, on journeys of a few like a mixture of miniature airhours or so, to stretch out in port lounge, hotel lobby, and the train and work or be smart office reception area.

Striper cent, and honor land the Manchester-London run, was sharply down from 1984, where menus have included the train and work or be smart office reception area. Eastern, Scottish and Southern

For other trains, the punctuality figure was an impressive 92 per cent. Of all scheduled servicea, just 1.3 per cent were cancelled. Complainta from the public received by BR between mon at £2.45 or honey roast ham at £1.90, with half a bottle of Bordeaux Superior at £3.90 mostly about fares, timekeeping, passenger information, and train from 35,000 to 51,000. They were service quality.

On one recent Pullman trip from London's Euston to Liver-

service was more like a restau-rant than what people generally expect from BR. The menu included roast beef, hallbut and ham and chicken solad, with starters, desserts and wines also available, as well as sand-wiches ond beer.

The food was solld rather than delicate, but tasty. BR, however, has been experimenting with so-called "modular" catering, with outside firms cooking food and chilling it for delivery to the train where it is reheated. Train staff serve the meals but do not have to cook or wash up.

BR is spending £12m on modernising train kitchens. It says that hy farming out more

winc.

to London-Manchester and then other trains on a competitive tendering basis. On second-cla drinks and hat and cold anacks will be wheeled hy trolley through the train, with a bistrotype restaurant also open for all passengers, as well as the usual buffet counter and first-class service.

On the more specifically business-oriented front BR has Higher fares

BR put up most Inter City farea recently by 10 per cent, more than the infiation rate. The increase lifted the cost of a first-come in one day. The idea of class return between Londan class return between Londan secretaries on trains was tried and Liverpool to £76.

On one recent Pullman trip passengers did not use them.

from London's Euston to Liverpool—the carriage was named
John Lennon—on a cold February evening, the train left
smoothly but arrived half-anhour late.

But aboard the train, the
service was more like a restaurant than what people generally
carriage from BP The many
German experience.

Putting even minimal office
facilities on trains would
carriages, BR says. Soundproofing and privacy would be
essential, and the railway does
not reckon that business
travellers would use them,
especially in view of the Putting even minimal office German experience.

But, as with the hostesses on German trains, BR intends that its Pullman staff should be able to help travellers book botels. order cars, and help out in other personal ways, which stop short of actually taking dicta-tion and typing letters.

What it all adds up to is a greater bid hy BR to earn money from its passengers. Business travel accounts for 37 per cent of the £540m annual revenues of InterCity, now charged with improving its finances. So BR is adopting more eagerly the basic business toola of research, marketing and



The InterCity Pullman lounge at London's King's Cross station and (below) travelling first class on a High Speed Train





Lunch on the German Federal Railways is in new air-conditioned carriages

### Business services continue to expand

World Rail

ANDREW FISHER

FOR BUSINESSMEN around the world, trains are often the best way to travel for meetings with customers, contacts, or colleagues. If distances are too long or too short to make rail journeya practicable, cars or airlines are the obvious choice. Conscious of growing competition, many national railways are trying to reconcile the aims stretching between Paris and promoted on traina for the nowever, are not suffering. Standards of service on traina are high and punctuality is awesome.

On first-class cars between Tokyo and Osaka, two-storied to vary the ride. There are the observed and taxes are lined to vary the ride. There are special rooms where groups can meet and each hullet train has service in fast trains in the UK, France and Germany.

SNCF is extending its TGV service towards the Atlantic coast, the original routes stretching between Paris and trains but found these were hardly are trying to reconcile the aims of providing a service and et least trying, if rarely succeeding, to move into profit by stepping up standards of service and widening their range.

rice and widening their range.
Thus Deutsche Budesbahn
(German Rederal Rallway) has
developed a whole package of
services for business travellers,
including special parking facilities, personal service aboard
trains, and tickets that enable
companies to send staff anywhere on the route network for
payment of e fixed sum.

payment of e fixed sum. In France, the sleek orange Trains a Grande Vitesse (TGV), with their aggressively pointed front sections, have come to

Japan, another country with e strong rail tradition, has taken greater steps to keep its railways in the forefront of the travelling public's consciousness. Its snub-nosed bullet trains, slower than the more modern 168 mph TGV, race smoothly across the Japanese

service towards the Atlantic coast, the original routes stretching between Paris and Lyon, with extensions further south. Recently, it introduced a new first class service. Le Nouvelle Premiere, to win back those who had switched to second class.

TGV success

The new express began between Strasbourg and Paris last December as a very upmarket service to combat airlines, the effects of economic recession and the decline of its own first-class market. Since

French Railways.

Part of the problem has been in the US, on the other hand, where the luxury Pullman car service was first developed, trains have tended to be less favoured by business people. Distances between cities are just too great and air travel is just too great and air travel is cut in journey times made many cheap and widespread. paying extra for first class.

So the new service is seen as one way of recovering market share among blgh-paying business and other travellers. The trains have minicomputers to help alleviata boredom, as well as earphonea and music

secretarial services on its trains, but found these were hardly used. The idea was dropped.

DB has produced a special booklet to tell companies and husinessmen about travel on its InterCity network. Special parking spaces are offered near testical platforms. As with any

parking spaces are officed from satstian platforms. As with any self-respecting ratiway trying to please the husiness warld, telephones are provided on There are conference campartments for husiness meetings. Attendants help passengers with luggage, show them to their sests, and edvise them on timetables and 1975, first-class rail travel.

France has been on the decline after rising quickly in previous tickets, entitling any employee to travel anywhere at any time.

> companies for use by anyone. These are for 10,000, 25,000, or 50,000 kilometres, the latter giving a 20 per cent discount on the regular fare. With these, several people can also travel

at once Apart from the practical and financial aspects of rail travel, railway operators know that people lika to be made to feel But Japanese National Rail-ways is grossly over-staffed and seeking desperately to reduce its hefty losses. Privatisation is



Free flights to New York and, from April 19th, Miami? There must be a catch. And there is. To get your free ticket, you first have to fly the same route in our renowned Upper Class.

You'll have to endure the limousine transfer to and from Gatwick, Newark/Miamit - or the complimentary helicopter shuttle to Manhattan. You'll need to recline in a luxurious Sleeperseat, with an unequalled 55" seat-pitch

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You'll watch our unbeatable choice of movies and videos and listen to eight-channel stereo on the latest electrostatic headphones. And all you'll have to pay is £499° one-way for the trip (which, at £33 less than other

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When the magazine Flight International surveyed representative world airlines in November 1985, it was Northwest Orient which emerged No 1 for operating efficiency. That isn't surprising. In 1986, we shall be celebrating 60 years of successful operation. And every year for the past 30 years we have made a profit - a record unequalled by any other Transatlantic airline. We've done all that by dedication to the highest ideals of service. That includes

giving the best standards of comfort, reliability and value to knowledgeable travellers in three Continents and 17 countries. People who know, go Northwest Orient from Europe to the USA. For details of out 747 services from Copenhagen, Dublin, Frankfurt, Glasgow Prestwick, London Gatwick, Oslo, Shannon and Stockholm to Minneapolis/St Paul, Boston or New York, see your Travel Agent or contact us.



FINANCIAL TIMES CONFERENCES

The Prospects for

in Britain

22 & 23 April, 1986

Tourism is a vitally important industry in Britain but lacks an authoritative and independent forum for the discussion of strategy, for assessment of the changes that are necessary in such areas as legislation, tax and development planning and for examination of the investment aspects. Mr Walter Goldsmith and Mr Kenneth Robinson will chair this major two day meeting which brings together a

distinguished panel of speakers including: -Mr Duncan Bluck.... Professor Rik Medlik......

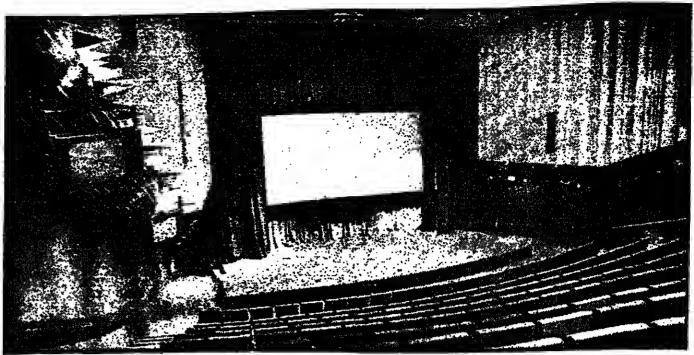
Mr Peter R Tyrie.... Mr John L Broome.... Lord Montagu of Beaulieu... Mr Colin M Marshall... Mr David Trippier, MP.... Mr Michael Herbert....

1	The Prospects for
	TOURISM
	in Britain
	Please send me further details of 'THE PROSPECTS FOR TOURISM IN BRITAIN' Conference
	FINANCIAL TIMES

CONFERENCES

Minster House, Arthur Street, London EC4R 9AX Tel: 01-621 1355 Telex: 27347 FTCONF G						
Name	<u>.</u>					
Position						
Company		<del></del>				
Address						
Tel	Telex					

To: Financial Times Conference Organisation



London's Barbican Centre, where the Business Travel Conference and Exhibition starts on March 17 has a 280-seater cinema which contains the latest conference facilities

### Success needs right ingredients

Conferences

DO-IT-YOURSELF conferences are like do-it-yourself convey-ancing. You can follow the rules step by step, and still find your-

self bopelessly muddled at the

WALTER ELLIS

There is no doubt that it is possible to organise a con-ference without the services of a professional. The adage that the cobiler should stick to his last does not bold universally true. But the pitfalls faced by the amateur are many and the company director or marketing manager striding out on his own has to be fleet of foot to

avoid them. Conference organisers, in this context, should perhaps be viewed as estate agents. They take their fee and they may not always appear to have earned it. Yet the show is generally put on the road and, while the delegates are talking, someone is generally on hand to ensure generally on hand to ensure that operations continue smoothly.

According to a recent survey carried out by Intermarket Research for Spectrum Communications, conference organi-sation is not a full time function in most companies in Britain. Only five out of 183 companies surveyed employed a manager with "conference" in his joh title. In most cases, the responsi-bility was associated with sales bility was associated with sales and marketing, but every posi-tion in the industrial hierarch; was represented, from managing

director to office secretary.

There was also an impression among staff-strange when it is realised that 40 per cent of UK companies run conferences-that the task of organising such meetings was a chore to be shared around rather than a career step.

For the company determined upon an in-house conference. the obvious first step is to put someone in charge, provide that person with reasonable hackup and set aside an adequate budget. Clear direction is essential if muddle is to be avoided. The chairman or marketing manager, or whoever else has decided that a conference should he held, needs to decide first of all what the point of the con-If the conference is being held

in order to provide the company's staff with information, then it has to be decided to whom this information needs to go. There is no point in providing blanket coverage. The advantage of keeping everyone informed can easily be negated.

Counter-productive in the exprivalence of frequently worthwhile. The Association of Conference Executives (ACE) in Huntingdon is the main hody representing their hands.

Counter-productive in the exprivalence of frequently worthwhile. The Association of Conference Executives (ACE) in Huntingdon is the main hody representing their hands.

There is no point in providing the providence of the providence advantage of keeping everyone informed can easily be negated by the effect of having to scatter facts around those who cannot readily make use of them.

Moreover, if the audience is not receptive by virtue of baving only a loose involvement with the matter under discussion much valuable tima can be

Visual aids

Secondly, it needs to he established early on who can provide the information. If outsiders are needed, they should be con-tacted early on and engaged. Backup, in the form of video equipment, charts, tables and projectors should be assured from the beginning. Again, if an outside contractor is needed to provide the visual aids, the job should be assigned at once and an immediate liaison established hetween the source of the information and the profes-

sionals who will display it.

If, on the other hand, the conference is being "given" by

nothing for the exercise, is sometimes a befty fee for the

London .....

Geneva ..... Brussels .....

Singapore .....

New York ...... Strasboorg .....

West Berlin .....

Tokyo .....

Hong Kong .....

Madrid .....

hy means of a telephone call,

who the relevant writer is.

The location for a conference or seminar is obviously crucial. A product launch must take place in surroundings which those invited to attend might reasonably be expected to find attractive. A downtown hotel is one possibility; so is a suburban venue with ample car-parking

Most important though, are the facilities available. Here, a product launch differs from a product launch differs from a full conference, and a three-day get-together from a two-bour meeting. If 100—or 500—people are expected to stay in one place for three days, thought must be given to how they are going to occupy them they are going to occupy them selves when they are not dealing with the main business in hand. Bedrooms have to be hand. Bedrooms have to be specific subject, something specific subject, something

Type of conference National

International attendance

138 149

International

Press invitations bave also to mend the organiser most suit-he considered. The trade press ahle for a given conference in

is often helpful here. An invitation to the news editor of a popular tabloid to attend a product launch will almost certainly end up in his waste basket. Invitations must be targeted. It should be discovered, talentees and talentees a given area.

The British Association of Conference Towns, with 80 members, is based in Tunbridge Wells and represents the increasingly competitive conference wenue scene outside London

#### Information

In London, information can be obtained from the London Visitor and Convention Bureau, part of the London Tourist Board. London is the world's huslest international conference venue. Those companies lacking experience of finding a suitable location in the capital would do well to avoid the summer months and should double-

selves when they are not dearing with the main business in
hand. Bedrooms bave to be
assured (overbooking is rife).
Facilities have to be up and
Facilities have to be up and
worthwhile to say, knowing
your delegates' personal whims,
wetting everything confirmed in a company in order to promote a new technique or product, then it must be agreed where and who the market is for what is on offer. The scatter-gun approach is best avoided.

Research has shown that inviting people—at considerable expense—who care little or complications. They are going to occupy them as yet of the exercise. It is sometimes a profile of the exercise. It is sometimes a befty fee for the says to find venue, as yet of find venue, ing with the main business in hand. Bedrooms bave to be adequate advance warning, a specific subject, something to say, knowing your delegates' personal whims, writing, keeping to agreed worthwhile to say, knowing your delegates' personal whims, writing, keeping to agreed worthwhile to say, knowing your delegates' personal whims, writing, keeping to agreed worthwhile to say, knowing your delegates' personal whims, writing, keeping to agreed worthwhile to say, knowing your delegates' personal whims, writing the patients of the profile in the pr entbusiasm. satisfying the senses (sight, sound and taste) and a big smile. Here are the mistakes to

> • Failing to check details, in-adequate briefing of botel staff, not enough information for de-legates, the assumption that hotel guides tell the truth, spreading the subject matter over too long a period, copying what others have done, lack of imagination, holding a conference on a boat in the dead of winter described. winter, dreary coach tours, low-grade hotels, exceeding the budget, too much free time, lack of equipment back-up, not telling participants what is expected of them, assuming that delegates read instructions, assuming that equipment has been checked . . . and selecting a temperance

Conveyancing, I am told, is

### A task for specialists

#### Insurance ERIC SHORT

COMPANIES SENDING employees overseas on husiness have accepted the need to provide adequate Insurance cover

for those employees. Employees overseas face a variety of risks—being taken ill or involved in an accident while overseas, loss of baggage and money, delays in transport from one place to another and so on. The risks are similar to those facing holidaymakers go-ing ahroad but the emphasis is totally different.

The Insurance industry has designed business travel policies quite separate from holiday travel Insurance and has hy and large understood that separate arrangements are necessary.

Medical cover has two distinct aspects for business travel. The first relates to the employee who is taken ill or is involved in an accident.

The insurance needs to pro-vide cover to meet the costs of

diate area are inadequate for a serious illness such as a heart condition. The nearest hospital that can handle the case may be hundreds of miles away. The insurance cover must

meet what can be high trans-

Top conference cities

nomberof

conferences

252 235

close relatives to the hedside of the striken employee and cover accommodation costs for those The employer also incurs

costs when an employee is taken ill on an overseas trip. Often he will need to send another employee as a re-placement as quickly as pos-sible. The cover should meet the travel costs involved in

such an event. In respect of medical risks, insurance will cover the finan-cial aspects, hut employers expect much more from their insurance advisers, because the employee could be taken ill or involved in an accident in a

Facilities are required that will assist the local medical services to diagnose the condition, especially the severity, to recommend where the appropriate treatment can be nhtained and to arrange the transport.

For example, consider an employee struck down by a heart condition in a remote spot. The local medical facilities may need expert help nn assessing the condition. Then costs of air ambulance flights to the nearest suitable hospital nreven hack to the UK.

The event aften will occur in remote places where the medical facilities in the immediate area are inadequate for a sessessing the condition. Then assistance is needed to ascertain the nearest or most convenient bospital which can treat the condition. Finally, help is needed in getting to that place.

There are now several firms that specialise in providing precisely this sort of service. They have a worldwide network of doctors available on a 24-hour basis, records of hospital facili-ties and contacts with air ambuport costs.

Next, the insurance should provide for the costs of flying ments so medical hills can be

A properly arranged business travel insurance contract will have arrangements with one or more of these specialist firms as part of the overall service.

The insurance cover will include loss of baggage hy the employee. In addition to his personal helongings, there are two particular features that require special attention.

The first relates to business money that may be carried by the employee on bis overseas business trips. The use of credit cards has cut down, but by no means eliminated, this risk, particularly for business in the remote areas.

Two forms The second refers to equip-

ment or samples the employee may be carrying where loss could he financially serious. This is a specialised insurance area and is usually treated separately when designing the insurance policy.

Normally there are two forms

of arranging business travel insurance. The employer can take nut a separate insurance policy each time he sends an employee on a business trip.

employee on a business trip.
Or he can arrange an annual travel policy which covers every nverseas husiness trip made by employees during the year.
The advantages of a group annual travel policy is that the travel department of the company does not have to worry about making in Surance about making insurance arrangements each time an employee goes on an overseas husiness trip. If the trip is

An individual policy would be taken out if overseas husi-ness trips by employees of a company are infrequent.

The premiums charged for business travel depend on tha countries and locations visited by the employee. The insurance costs for travel

in European countries is much lower than in other parts of the world. Costs are higher for travel to North America because of the medical expenses in the US. Costs in remote parts of the world will he much higher due to the travel costs if the employee is taken ill or has an accident.

Policies taken out individual hasis will tend to be standardised, depending on the period of travel, with a standard rate for Europe and another for

rate for Europe and another for North America.
Group policies will have the premiums originally costed on an estimated basis related to previous experience of travel patterns. These will be adjusted elther annually or quarterly on actual experience. The company will bave to make periodic declarations of business travel made by employees. made by employees.

In arranging insurance, employers bava to distinguish between business travel and short-term secondments. The dividing line at times can be

hlurred.

An employee on a business trip can spend a considerabla length of tima in one particular place. supplementing the employer's staff at that location.

However, the insurers will expect employers to clearly distinguish between the two and arranged in a hurry, it is all tinguish between the two and too easy to overlook the Insurance aspects. With a group policy, insurance is automatic.

## Renovation adds finishing touch

**US** Hotels FRANK LIPSIUS

IN Its renovation of the old Tare Botel at 52nd Street and Seventh Avenue in New York, the Finida-based Continental Hotels group. Is dividing the property into 189 hotel rooms and 400 pendominia. According to Mr Guenter H. Richter, who was recenity hired as managing director of the hotel (which will open in the autumn), the pro-ject will allow frequent New York visitors to buy a pied a term with full hotel facilities. Besides being an investment in New York real estate at a cost of \$125,900 to \$380,000, the con-dominia give visitors a place to eall their own "rather than always living out of a suitcase,"

Mr Richter says. Rebuilding the old Taft, with its grand marble lobby and balcony, is part of a new concern to gain distinction through renovation rather than huilding renovation rather than huiting over and certainly surpass original estimates, as occurred with the Barclay in New York, Now called the Hotel Inter-Continental New York, it was supposed to cost \$12m and, four years later was supplied. years later, was finally finished at a cost of \$28m.

Among other projects, the Regent International group is spending \$27m to renovate the recently purchased Beverly recently purchased Beverly Now differentiation at the high wilshire in Beverly Hills, while end of the travel market inthe ornate Willard Hotel in washington, unoccupied since tions to deluxe services. Washington, unoccupied since 1969, is being renovated at a cost of \$108m.

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benefit from special tax hreaks including 15 per cent credits for work on buildings at least

renovation is also an incentive compared to prevailing rates of for hotel groups to spread their \$90 to \$100 a room. risk by taking in partners, whether condominia owners or provides 400-square-foot suites real estate investors. Hotel like other expensive hotels as companies look increasingly to sell property and run the hotels serves complimentary hreak-

cies of many new restantants equally taken with the search for the past.

Ehbetts Bar and Grille near the Willard Hotel in Washingto the winter Hotel in Washington lost its original site to redevelopment and moved to a nearby building where it recreated a more elegant old look than it had before.

In New York, Pierre Cardin has opened a Maxim's where

1893 prevails in everything but price. A well-known suburban
Philadelphia restaurant, DiLullo's, moved downtown with
the same intention of using brass, black velvet and elegant flower arrangements to transport dipers into a calmer, more refined and

The attraction of serving the high end of the market traditionally comes from having customers more concerned with service than price. It is a market that the Four Seasons maintains with amenties like 24-hour room service, twice-a-day maid service, terry-cloth dressing gowns, jogging routes from tha hotel and in recent hotels, health clubs with pools.

Four Seasons, which includes Four Seasons, which includes the Inn on the Park in London combines luxury with informality, a niche that has sparked a quarter century of success and expansion to 19 hotels in North America and Europe.

Four Seasons charges 20 per cent higher rates than competition in the luxure market Other

tion in the luxury market. Other companies are undercutting prices by providing luxury ser-vice with cost-conscious rates. According to Mr Tom Gaskill,

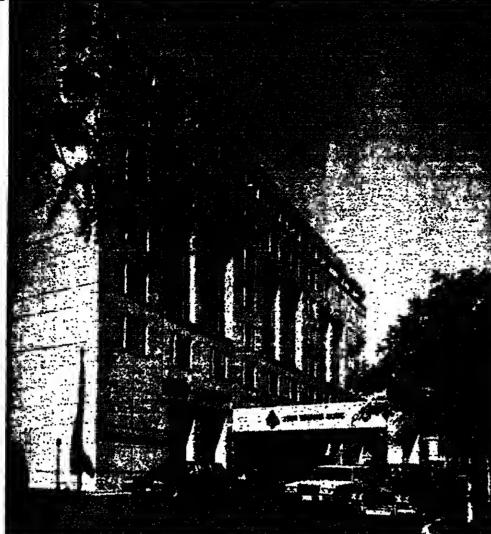
sost of \$108m.

Aesthetics aside, renovations enefit from special tax hreaks including 15 per cent credits ar work on buildings at least to bring down the cost of the high end of the market. Building now hate with 200 or 30 years old and 25 per cent high end of the market. Build-credits in the first year for landmark buildings.

The high cost of property and construction costs to \$65 a room

sell property and run the hotels serves complimentary hreakwith management contracts that fasts and complimentary evenremove the uncertainty inherent in volatile property values and renovation costs.

Tax breaks by no means fully explain the lure of the past. The Four Seasons hotel group pots antiques and original art in new properties. It also to \$100 a night, Starting outside serves afternoon tea, a popular anachronism that fits the polifield the group hopes to move



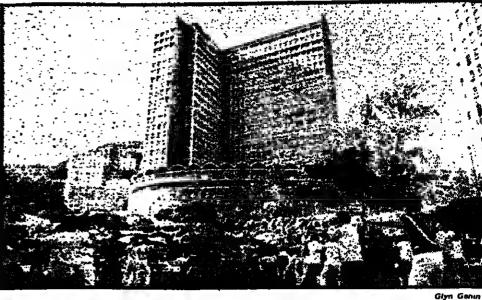
The lure of the past: The new Four Seasons Hotel in Philadelphia, part of the hotel group which puts antiques and original art in new properties

Air travel is also hecoming cost conscious. First-class fares, once an airline's guarantee of better margins for travellers sengers didn't have the foggiest started in the age of the grand with no concern for prices, have heen reduced by cut-rate carheen reduced by cut-rate carheen reduced hy cut-rate reduced

the erosion in the number of

next to St Paul and huild six petitive routes, hringing down In many ways, the changes to ten new hotels in the next the Denver-Boston first-class look like a return to another two years, fare, for instance, from \$559 to era, not only in decorations and

lers, compared to 10 per cept in pre-discount days,
Although still accounting for 10 per cept of airline revenues, hotels and restaurants. Such cost reductions are being passed pots antiques and original art the competition would cost \$80 travellers has prompted United on to consumers as either price in new properties. It also to \$100 a night, Starting outside Airlines to match the disserves afternoon tea, a popular Chicago at the Compri Wood-counted first-class fares of vices or more value for money anachronism that fits the polifield, the group hopes to move Continental Airlines on com-where prices remain high.



Early morning exercises—the Chinese way—in front of the Hilton in Hong Kong

### Hong Kong still top

Incentives MOSS MURRAY

INCENTIVE business in Britain was worth £145m in 1985 and, according to a recent survey, is now used by one-third of the country's top 1,000 companies.
In the US several multi-

national groups have budgets in excess of \$1m dedicated solely to motivating their sales executives, to encouraging customers to keep their business where it is, and to winning new accounts.

In continental Europe, the In continental Europe, the industry is still feeling its way, but in Britain this year it has come of age with the formation of the Incentive Travel Association. Membership is open to all companies, or divisions of companies, deriving the greater part of their income from the design implementation and design, implementation and management of incentive travel

riers. The standard carriers feel powadays."

Lower oil prices have a the idea, hotels denomstrate that first-class has dwindled to less than 5 per cept of travelless, compared to 10 per cept port. A slowdown in wage rises in pre-discount days.

Lower oil prices have a the idea, hotels denomstrate their search for particular delast February 45 Toyota dealers mands to satisfy all segments from the UK flew out of Britain's freeze-up, via Concine pre-discount days.

In creating special piches, the corde, to the balmier climate travel industry reflects greater and beaches of the island. Their incentive award winning holiprosperity among travellers who want more choices. Deregulation and sustained growth give travel husioesses the opportunity to supply clients' particular needs in all travel segments.

destinations remain attractive. use of incentive travel. Within A UK firm last year took 20 top salesmen and their wives to the Ritz Holel in London and encourage dealers to maintain Ritz Hotel in London and rounded off the weekend with a trip to Covent Garden and a present of diamonds. present of diamonds. Stratford and Bath are popu-

Stratford and Bath are popular destinations, but it is north of the horder at Gleneagles, among the hills of Perihshire, to which many incentive groups head. Within the hotel's huildings and in the 631 acres of grounds, there is everything for work and play. Conference rooms have every kind of lighting and projection equipment and close by are four championship golf courses, a leisure ceptre, tennis, swimming, clay ceptre, tennis, swimming, clay pigeon shooting, horse riding, a golf driving range plus food and accommodation that is 5-star

#### Stimulate

The aim of the exercise is part of their income from the design, implementation and management of incentive travel programmes.

Hong Kong remains prohably Acapulco, Miami or Madeira. Johnson Wax, of the US, re-cently flew all 480 of the UK employees, from tea lady to top cxecutive, from Gatwick to Mil-waukie, to see the US operation, in a programme organised by Business Trayel Team of Sussex. The aim was to stimulate still greater enthusiasm from the British staff. The five day trip included a plenic on Lake Michigan, as well as sightseeing in New York.

a high penetration of world-wide markets. The company helieves the motivation pro-vided by the schemes has been a prime mover in both maintaining sales, and winning new

"Our incentives undoubtedly pay big dividends. They encourage those dealers responsible for tractor sales to maintain high atandards in their showrooms, and those who sell our parts to hring in more orders," Mr Bill Fildes, the company's service co-ordinator company's service co-ordinator says.

The company has a manual, which sets out objectives for every agent. Each year improvements are sought. Those who reach their goals are the incentive winners. The competition is planned so that the smallest firms cap compete on equal terms with the largest companies. Representatives responsible for selling parts are given sales targets. given sales targets.

Timesharing has also proved a popular incentive travel prize. One of the first to enter this field was Rank Xerox which offered salesmen the chance to win three weeks each year in perpetuity at a villa in Peugeot also spent £100,000 on villas and apartments in the same village and saw sales to UK agepts shoot up "far heyond expectations."

CHICIAL ABLINE



AIR CANADA HAVE JUST WON THE PRESTIGIOUS AIR TRANSPORT **WORLD PASSENGER SERVICE AWARD FOR 1985.** IN THE PROCESS THEY HAVE BEATEN THE FOLLOWING AIRLINES. AERONAYES DEL CENTRO - AERONICA - AEROPELICAN AIR SERVICES - AEROPERLAS - AEROPERU - AERO YIRGIN

ISLANDS - AIGLE AZUR - AIR AFRIQUE - AIR ALBATROSS - AIR ALGERIE - AIR ALMA - AIR ANDORRA - AIR ATLANTA - AIR ATDNABEE AIRBORNE EXPRESS - AIRBORNE DF SWEDEN - AIR BOTSWANA - AIR BRIDGE CARRIERS - AIR BURKINA - AIR BURUNO! - AIRBUSINESS APS/ALKAIR - AIR BV! - AIR CALL - AIR CALLOONIE - AIR CALLDONIE INTERNATIONAL - AIR CAPE - AIR CARIBE INTERNATIONAL - AIR
COMORES - AIR CONTEZ INTERNATIONAL - AIR CREEBEC - AIR DIBOUT! - AIR COSSE AIR EUROPE - AIR EXPRESS INTERNATIONAL AIR CREEBEC-AIR DIBUSTAIR GABON - AIR GUADELDUPE - AIR GABON - AIR NAWAII - AIR NUOIN - AIR INDIA - AIR NITER - AIR IVOIRE AIR JAMAICA - AIR JET - AIR NENTUCNY AIRLINES - AIR LA. - AIR LANKA - AIR LIBERIA - AIR LIMDUSIN - AIRLINES OF NORTHERN AUSTRALIA - AIRLINES DF SOUTH AUSTRALIA - AIRLINES DF TASMANIA - AIR LINK - AIR LITTORAL - AIR MADAGASCAR - AIR MALAWI - AIR MALI - AIR MALTA AIR MARTINIQUE - AIR MAURITANIE - AIR MAURITIUS - AIR MELANESIE - AIR MICRONESIA - AIR MIC WEST - AIR MOLOKAI — TROPIC AIRLINES - AIR MONGOL — MIAT - AIR NAURU - AIR NEVADA - AIR 'NEW ORLEANS - AIR NEW SOUTH WALES - AIR NEW ZEALAND - AIR NIAGARA - AIR NIGER - AIR NIUCINI - AIR NORTH ORLEANS - AIR NEW SOUTH WALES - AIR NEW ZEALANO - AIR NIAGARA - AIR NIGER - AIR NIUCINI - AIR NORTH
AIR ONTARIO- AIR PAC AIRLINES - AIR PACIFIC - AIR PANAMA INTERNACIONAL - AIR FOLTYNESIE - AIR ORENSLAND
AIR RAROTONGA - AIR ST, PIERRE - AIR SEDONA - AIR SENEGAL - AIR SEYCNELLES - AIR SINAJ - AIR SDUTH - AIR
SUNSNINE - AIR TAHITI - AIR TANZANIA CORPDRATION - AIR TCHAD - AIR TODAY - AIR TOGO - AIR YUNGARU - AIR UN - AIR
YANAUTU - AIR VIRGINIA - AIRWAY EXPRESS - AIR WEST AIRLINES - AIRWEST INTERNATIONAL - AIR WHITSUNDAY - AIR
WISCONSIN - AIR ZAIRE - AIR ZIMBABWE - ALASKA AIRLINES - ALASKA ISLANO AIR - ALIA - ALIGIULIA - ALISAROA
ALITALIA - ALLEGHENY AIRLINES - ALM - ALOHA AIRLINES - ALPHA AIR - ALPINE AVIATION - ALTUS AIRLINES - ALYEMOA DEMOCRATIC YEMEN AIRLINES - AMA AIR EXPRESS - AMERICAN AIRLINES - AMERICAN CENTRAL AIRLINES - AMERICA WESY AIRLINES
ANDES AIRLINES - ANSETT AIRLINES DE AUSTRALIA - ANSETT W.A. - APOLLO AIRWAYS - AQUATIC AIRWAYS - AQUILA AIR - ARCTIC
CIRCLE AIR - ARIANA AFGNAN AIRLINES - ARKIA ISRAELI AIRLINES - ARMSTRONG AIR SERVICE - ARROW AIR - AYS NORVING - ASPEN AIRWAYS - ATI-AERO TRASPORTI ITALIANI C CULF AIRLINES - ATLANTIC SOUTHEAST AIRLINES - AUSTRIAN AIR AIR - AUSTRIAN AIR SERVICES - A AIRWAYS - AURIGNY AIR SERVICES - AUSTIN AIRWAYS - AUSTRAL (LINEAS AEREAS) - AUSTRIAN AIRLINES - AUSTRIAN AIR SERVICES - AVENSA
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BAR NARBOR AIRLINES - B.A.S. AIRLINES - BEARSNIN LAKE AIR SERVICE - BELL-AIR - BEMIOJI AIRLINES - BEST AIRLINES - BIG SKY AIRLINES - BIMAN
BANGLAOESN AIRLINES - BIRMINGHAM EXECUTIVE AIRWAYS - BOUGAIR - BRAATHENS S.A.F.E. AIRTRANSPORT - BRANIFF - BRENNAN AND NARGREAYES BANGLAGESN AIRLINES - BIRMINGHAM EXECUTIYE AIRWAYS - BOUGAIR - BRAATHENS S.A.F.E. AIRTRANSPORT - BRANIFF - BRENNAN AND NARGREAYES
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BWIA INTERNATIONAL TRINIDAD AND TOBAGO AIRWAYS CORP - CAAC - CALIFORNIA SEABOARO AIRLINES - CALM AIR INTERNATIONAL - CAMEROON AIRLINES - CAPE
SMYTHE AIR SERVICE - CAPITOL AIR SERVICE - CARIBBEAN AIRWAYS - CASCADE AIRWAYS - CATHAY PACIFIC AIRWAYS - CATSKILL AIRWAYS - CAYMAN AIRWAYS
CENTENNIAL AIRLINES - CHALN'S INTERNATIONAL AIRLINE - CHALNES AIRWAYS - CATHAY PACIFIC AIRWAYS - CATSKILL AIRWAYS - CAYMAN AIRWAYS - CONSUM FLYING SERVICE - COASTAL AIR
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LANGUEDOC - COMPANIA DE AYIACION FAUCETT - CONTINENTAL AIRLINES - COON ISLANDAIR - COPA - CORAL AIR - CP AIR - CRESCENT NELICOPTERS - CROSSAIR
CROWN AIR/DORADO WINGS - CROWN AIRWAYS - CRUZEIRO DO SUL - CSA - CUBBHA - CUMBERLAND AIRLINES - COPAL AIR - CP AIR - CRESCENT NELICOPTERS - CROSSAIR
SERVICES - DELTA AIR LINES - DESERT SUH AIRLINES - DIRECY AIR - DIRECTAIR - DLY — DEUTSCHE L.V. - DOMINAIR - OOMINICANA DE AVIACION - DOMINICANA INTERNACIONAL
AIRLINES - DOUGLAS AIRWAYS - EAGLE AIRLINES - EAGLE AIRWAYS - EAST COAST AIRLINES - EASTERN AIR LINES - EASTERN PROVINCIAL AIRWAYS - EAST NAMPTON AIR
EAST-WEST AIRLINES - ECUATORIANA - EGYPTAIR - EL LI ISRAEL AIRLINES - ELLIS AIR TAX - EMPIRE AIRWAYS - EMPIRE AIRWAYS - ENTIDIPAN AIRLINES - FUI AIR SERVICES - FINNAII EUROPLITE - EUROPE AERO-SERVICE - EVERGREEN INTERNATIONAL AIRLINES - EXEC EXPRESS - FAR EASTERN AIR TRANSPORT CORPORATION - FAST AIR CARRIER - FUI AIR SERVICES - FINAAIR FINAAVAYION - FIRSY AIR - FISCHER BROS. AVIATION - FLIGHT LINE - FLORIDA EXPRESS - FLU GDIENST PEGASUS - FLUGFELAG AUSTURLANDS - FLUGFELAG NORDURLANDS - FLYING TIGER LINE - FORT WORTH AIRLINES - 40-MILE AIR - FREEDOM AIR - FRONTIER AIRLINES - GALAZY AIRLINES - GARUDA INDONESIAN AIRWAYS - GB AIR - GEMINI AIRLINES - GEORGIAN BAY AIRWAYS - GNANA AIRWAYS CORP

ORATION - GOLDEN PACIFIC AIRLINES - GRANO CANYON AIRLINES - DREAT LAKES AVIATION - GREEN HILLS AVIATION - GRONLANOSFLY - GUERNSEY AIRLINES - GULF AIR - GULL AIR - GUYANA AIRWAYS CORPDRATION - NAITI AIR - NANG KNONG YIETNAM - HARBOR AIRLINES - NAROLO'S AIR SERVICE - HARYEST AVIATION - HAYASU AIRLINES - NAWAIIAN AIRLINES - HAZELTON AIR SERVICES - NELI AIR MONACO - HELI-FRANCE - HENEBERY AVIATION - HENSON AVIATION - HERMANS AIR - HOLI DAY AIRLINES - HOLI DAY EXPRESS - HOLLAND AERO LINES - NDRIZON AIRLINES - IBERIA - ICELANDAIR - IMPERIAL AIRLINES MONACO - HELI-FRANCE - HENBERY AVIATION - HENSON AVIATION - HERMAHS AIR - HOLIOAY AIRLINES - HOLIOAY EXPRESS - HOLLANO AERO LINES - NORIZON AIRLINES - IGERIA - ICELANDAIR - IMPERIAL AIRLINES - INDIAN WELLS AIRLINE - LINEA ADRIA AIRWAYS - INTERFLUG - IPEC AVIATION - IRANAIR - IRAQI AIRWAYS - JAL - JAMANIRYA LIBYAN ARAB AIRLINES - JAPAN ASIA AIRWAYS - JAY - JERSEY EUROPEAN AIRWAYS - JETTAIRE AIRLINES - JET AMERICA AIRLINES - JETTAIRE AIRLINES - JETTAIRE AIRLINES - JETTAIRE AIRLINES - JETTAIRE AIRLINES - LIPECA AIRLINES - LIPECA AIR AIRWAYS - KARAIR - KENDELL AIRLINES - KENN BOREK AIR - KENY AIRWAYS - KEYSPOE AIR - NUWAYS - KARAIR - KENDELL AIRLINES - LACSA - LADE - LACECO - LAKE UNION AIR SERVICE - LAM-LINHAS AEREAS DE MOCAMBIQUE - LANCE AVIATION - LAN-CHILE - LAO AVIATION - LAP - LAS VEGAS AIRLINES - LAY - LESOTHO AIRWAYS - LETABA AIRWAYS - LIAY - LIBYAN ARAB AIRLINES - LINA CONGO - LINNAS AEREAS DA GUINÉ-BISSAU - LINJEFLYG LOGANAIR - LONDON EUROPEAN AIRWAYS - DONG ISLAND AIRLINES - LOT - POLISH AIRLINES - LUTHANSA GERMAN AIRLINES - MACKNIGNY AIRLINES - MAGRAKA AIRLINES - MAGNUM AIRLINES - MALAYSIA AIR CNARTER - MALAYSIAN AIRLINES - STEMB BERHAD - MALDIVES AIRWAYS - MALLAYSIA AIR CNARTER - MAMONIA AIRLINES - MAGRAKIR - MAGNUM AIRLINES - MAYA AIRWAYS - MAYA AIRWAYS - MENGANA - MICHIGAN AIRLINES - METRO AIRLINES - MONTAUN CARIBBEAN AIRWAYS - MOUNT COOK AIRLINES - MUKAYS - MULTA AIRLINES - MONTAUN CARIBBEAN AIRWAYS - MOUNT COOK AIRLINES - MURANY - MULTA AIRLINES - MONTAUN CARIBBEAN AIRWAYS - MOUNT COOK AIRLINES - MURANY - MULTA AIRLINES - MONTAUN CARIBBEAN AIRWAYS - MOUNT COOK AIRLINES - MURANY - MULTA AIRLINES - MONTAUN CARIBBEAN AIRWAYS - MOUNT COOK AIRLINES - MURANY - MULTA AIRLINES - MONTAUN SAIRVAYS - NORTHAR AIRWAYS - MONTAU AIRLINES - NORTHWEST ORIENT AIRLINES - PACIFIC AIR EXPRESS - PAGIFIC COAST AIRLINES - PAGIFIC SOUTHWEST INTRO - NYGE-AERO - OLY — DSTFRIESISCHE LUFTRANSPORT - OLYMPIC AIRWAYS - OMAN AVIATION SERVICES COMPANY - DPAL AIR OREBRO AIR - DALEY AIRLINES - DZARK AIR LINES - PAGIFIC AIR EXPRESS - PAGIFIC COAST AIRLINES - PAGIFIC GOST AIRLINES - PAGIFIC AIRLINES - PAGIFIC AIRLINES - PAGIFIC AIRLINES - PAGIFIC GOST AIR - REPUBLIC AIRLINES - PROPER AIRLINES - ROYAL BIRLINES - ROYAL AIRLINES - ROYAL HAWAIIAN AIR SERVICE - ROYAL BRUNEI AIRLINES - SOVALE AIRLINES - SOVALE AIRLINES - SOVALE AIRLINES - SANSA - SAN - SANSA - SAN - SANDA AIRLINES - SANSA - SAN - SANDA - SANDA - ROYAL BRUNES - SANDA - SANSA - SANDA - SANDA - ROYAL BRUNEI AIRLINES - SINGAPORE AIRLINES - SANDA - SANDA - ROYAL BRUNEI AIRLINES - SINGAPORE AIRLINES - SUNGAPORE AIRLINES

### Longer range will mean faster services

Airliners of the future MICHAEL DONNE

BETWEEN NOW and the end of this century, several new types of airliner are likely to be introduced to meet the inexorable growth of world air

travel.
Estimates by the International Civil Aviation Organisation (the aviation agency of the UN) show that last year, no fewer than 892m passengers travelled on the scheduled domestic and international air services of the airlines of its 156 member-countries, or about 6 per cent more than in 1984.

of growth of world air pas-senger traffic is expected to be somewhere between four and six per cent, although the presix per cent, although the precise rate will vary widely from region to region. On the assumption that the growth rate will be about five per cent a Jumbo, the Series 500, that will year, however, the annual total of world air travellers will offer travellers will double hy the mid to late 1990s.

To meet this demand, the West European cities, will offer forthcoming new generation of turbo-fan enginea such as the international V-2500 engine now under development.

At the same time, it is believed that, the new prop-fans will be quieter, more vibration free and less susceptible to polution than jet engines.

world's major airliner manufac-turers are already developing a new generation of airliners, and are planning further new ven-tures beyond that. Boeing, the world's higgest builder of jet airliners, has forecast that hetween now and the end of the century, the total demand for new jet airliners of all kinds will amount to about \$247ba, of for new jet airliners of all kinds will amount to about \$247bn, of which air travel growth will account for about \$173bn nf new aircraft orders, and the remaining \$74bn will be accounted for by replacement of ageing, inefficient jet airliners.

Boeing puts an estimate of about 6,000 airliners on this cash figure, of which it expects that about 4,000 will be ordered over the next decade alone, mostly in the short-to-medium range market, where the bulk of the world's air travellers fly.

of the world's air travellers more than in 1994. If the non-scheduled and charter travellers (more difficult to quantify) are added to the total, it is estimated that well over lhn passengers travelled by air last year.

For the years immediately ahead, the average annual rate of growth of world air passengers that will make it possible for airlines to fix non-stop between toat will make it possible for airlines to fly non-stop between Tokyo, Hong Kong and Singapore and London and other West European cities, will offer some time in the mid-to-late 1880s yet another version of the latter the Series 500 that will

world's major engine manufac-

#### direct propulsive thrust. Improved engine

The difference in the "pro-fan" concept is that not only is the hot "core" of the gas-turbine engine itself much turbine engine itself much improved, to give greater efficiency, but also that the design of the propellers themselves is improved substantially. They are shaped more like scimitars or even ships' screws than the conventional propellers as understood today, with up to eight blades on each of two counter-rotating hubs.

The effect of this combination, it is claimed, will produce an engine that is up to 40 per cent more fuel-efficient than today's generation of turbo-fan (jet) engines, and up to 25 per cent more fuel-efficient than the forthcoming new generation of turbo-fan engines such as the

Whether these claims will be justified in practice remains to he seen. But two of the world's turers.

It is this "prop-fan" engine that promises to revolutionise short-to-medium range air transport over the next ten years. It is based on the well-understood principle of "turbo-propeller" power — that is, the harnessing of propellers to gasturbine engines, instead of using the hot gas exhaust of the gas-turbine engine to provide gas-turbine engine to provide direct propulsive thoust.

Boeing and McDonnell Douglas, are to undertake flight test programmes with the new engines, designed to determine whether those engines will be suitable for incorporation into new airliner designs for airline service in the early 1990s.

Boeing will start this summer with a flight-test programme using a General Electric (US) prop-fan, which that company calls an "Unducted Fan" or UDF, and Boeing calls an "Ultra High By-Pass Ratio" (or UHB) engine — both are effectively the same thing, a prop-fan.

Boeing will put the GE

Boeing will put the GE engine onto a Boeing 727 trijet flying-test bed. If the results prove satisfactory, and GE can continue with the development of the engine on time, and to the satisfaction of Boeing in such vital areas as cost, noise, fuel consumption and low vibration, Boeing will incorporate that engine on a new short-to-medium range airliner design, the 7J7, that it is now designing for offer to the airliner for corrige from 1902 liners for service from 1992.

A little later, McDonnell Douglas, in 1987, wilt undertake first with the GE prop-fan, and later with a prop-tan, and later with a prop-tan, and later with a prop-tan engine devised by the US Allison Division of General Motors, installed on an MD-80 series short-to-medium range jet airliner. If that flight-test pro-

gramme is satisfactory, McDon-nell Douglas will consider in-stalling either the GE or the Allison prop-fans on its later MD-80 series airiners. When a recent order was announced by Delta Air Lines of the US for one of those airliners with conventional turbo-fan jet eogines, called the MD-88, it was stated that both McDonnell Douglas and Delta intended to retro-fit the aircraft with prop-fans if

the flight test programme was satisfactory.

different concepts of prop-fan engine employed. The GE programme is based on a "gearless" engine, whilst the Allison venture employs a gear-

pox. The technical arguments hetween the two prop-fan concepts are complex, but hroadly the "geared" school of thought (to which Rolls-Royce of the UK and Pratt and Whitney of the US are adherents) is that it offers a The difference hetween the simpler solution to prop-fans

than the "gearless" system. The flight tests of the two different systems should provide some solutions to this argument.

But whatever happens, it seems clear that prop-fans are on the way, and are likely to dominate the short-to-medium range airliner market in the mid to late 1990s. Even if the development of these new engines is delayed because of technical difficulties so that engines is delayed because of technical difficulties, so that they cannot enter service in the early 1990s as noth Boeing and McDonnell Douglas hope, they will certainly come by the mid-1990s, and inevitably by the latter balf of the next decade. With their sbarp reductions in fuel costs, they should weight in chears flights.

should result in cheaper flights. At least one major manufac-turer does not accept that prop-fans will emerge oute as quickly as its competitors think.

#### 150-seater

Airbus Industrie, the Enropean airliner manufacturing group, while accepting that prop-fans will emerge some time in the 1990s, is proceeding with conventional turbo-fan (jet) power for its own next genera-tioo of airliners, the 150-seat short-to-medium range A-320 airliner, now under develop-ment for service in 1988-89.

ment for service in 1988-89.

Furthermore, it has also so far eschewed the idea of propfan power for its further ventures, the 330-seat A-330 range airliner, and the 250-seat A-340 long-range four-engined airliner, both designed for airline service in the early to mid-1990s. For the A-330, the manufacturer will use either the facturer will use either the confidence Pratt & Whitney PW 4000 or will cont General Electric CF6-80C2, while for the A-340 it will use either the V-2500 or the cyclical vactivity.

An artist's impression of the Boeing 7J7 prop-fan twinengined 150-seat airliner, now under development for service from 1992. This venture, which Boeing is undertaking with the Japanese aerospace industry, is likely to provide fierce competition for the European Airbus A-320 twin-engined 150-seater. powered hy conventional turbo-fan (jet) engines (although of advanced technology), which is expected to enter service earlier, in 1988-89.

Snecma) CFM-56-5 engine. Plans to develop these two new airliners are now being finalised, and firm launch commitments are expected later this year. British Aerospace, which has a 20 per cent stake in Airhas a 20 per cent state in Arrhus, is seeking to participate in both the A-330 and A-340 ventures, huilding the common wing for both aircraft, with a £500m launching aid contribution from the UK Government. Yet another new airliner that

rould emerge in the near future for service in the 1990s is the McDonnell Douglas MD-11, effectively a replacement for the long-range tri-jet DC-10, and a possible rival for the Airbus A-340 four-engined long-range jet. As with the new Airbuses, no final launch commitment has yet been taken on the MD-11, but it could come this year, if sufficient new orders justify taking the decision to commit the necessary development finance.

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The coming year, therefore, could well be a critical one in the aerospace manufacturing industry, with several new airliner ventures being committed for service in the 1990s and

beyond.
The combined total invest meot in all these ventures—the propfans by Boeing, McDonnell Douglas, General Electric and Allison, and the turbo-fan powered aircraft by Airbus, Pratt and Whitney, CFM Inter-national and International Aero-Engines collectively could Engines, collectively could amount to as much as \$80n to \$100n, including the airframes,

engines and equipment.
The size of the investment indicates the manufacturers' confidence that world air travel will continue to grow strongly during the remaining years of this century, despite possibly cyclical variations in economic



Our new one-stop flight Down Under is the fastest way ever to get to Sydney. Leaving London Heathrow every Wednesday, Friday and Sunday at 14:00, the afternoon departure means you fly 'overnight' arriving in Sydney at 20:50 — in good time to check into your hotel for a good night's sleep. For further details, see your travel agent.

### Pampering the executive

CONTINUED FROM PAGE 1

says. "American Express, by acting as an agent, can not only pass on cost savings resulting from our own purchasing power. but also help to manage the complete travel budget."

Mintel carried out a special survey of travel managers in UK companies and found that some six out of every companies surveyed had a written travel policy. The survey also revealed that the majority of companies handled hotel and car hire bookings in-house but only one in 10 similarly handled airline

bookings. Virtually all companies used a travel agency to some extent and these were chosen, says Mintel, by tender and because "it offcred the best service."
What are the prospects for the

industry in the rest of the 80s and heyond? There are both positive factors, such as de-regulation of airline routes in Europe, and other factors the growth of instantaneous cheap global communications which will help shape the market's growth in the years to

De-regulation in the US of airline routes resulted in wide-spread changes in the structure of the industry and much atten-

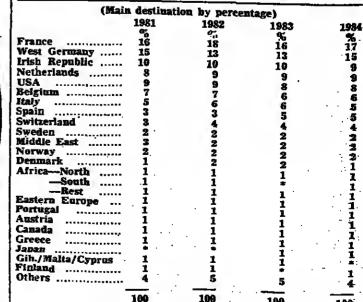
tion being paid to the business traveller. De-regulation in Europe has been — and is likely to continue to be — a slow husiness with emphasis on getting fares down rather than wooing the executive flying on business.

New undoubtedly continue to play an important part in stimulating business travel since it can belp to reduce the costs and improve performance from botels, air-

lines, and other operators. But the real threat comes from developments such as meetings and conferences linked together by television networks which obviously can be a cheaper and quicker way of hringing executives together. As the technology improves, so this must become a realistic option for many companies on some occasions.

Yet, in spite of the advantages of this type of link-up, many businessmen are likely still to prefer the reality of human contact to the illusion of being somewhere else without actually travelling. The airlines, hotels, and the remainder of the business travel industry can rest easy that executive travet will remain a permanent feature of the travel trade for many years

#### Business visits abroad by UK residents



\* Less than 0.5%.
Source: International Passanger Survey /Mintel.